

JPRS-UEA-90-006  
12 FEBRUARY 1990



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# ***JPRS Report***

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# **Soviet Union**

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***Economic Affairs***

# Soviet Union

## Economic Affairs

JPRS-UEA-90-006

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12 FEBRUARY 1990

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Reform Commission Member On Transition To Market Relations

904A0140A Moscow PRAVITELSTVENNYY VESTNIK  
in Russian No 3, Jan 90 p 3

[Interview with A.V. Orlov, deputy chairman of the State Committee for Economic Reform of the USSR Council of Ministers and Doctor of Economic Sciences, by L. Tsvetkov: "The Market and Normalization of the Economy"]

[Text]

[Tsvetkov] Andrey Vladimirovich, to the best of my knowledge the subject of this discussion has to do with your scientific and official interests. Indeed, in all probability you have had to define your attitude towards those who today are demanding a conversion over to a "free" market, having made it not simply the chief but actually the only regulator for the economic processes.

It bears mentioning that this point of view is being introduced into social consciousness in an extremely active manner, primarily through the press. Initially the people were taken aback by the stern postulates on the order of "it is impossible to be slightly pregnant." They maintained that a decisive selection had to be made in favor of the market. But subsequently they began undermining the theoretical base. And it now appears that the government, which did not follow this good advice, made mistakes and lost 4 years of perestroika. Such positions have been expressed, for example, in MOSKOVSKAYA NOVOST (Issue No. 1) by Candidate of Economic Sciences B. Pinsker: "It makes sense to imagine what awaits us if the radical reform and the conversion over to the market system of management do not commence during 1990. I am convinced that in the absence of this and, it follows, in the absence of denationalization of agriculture and a considerable portion of industry, it will be impossible to create the conditions required for a competitive campaign for quality, for growth in productivity and for growth in sales." And subsequently there will be extremely gloomy forecasts for the next 10-15 years.

It would be correct if we just as actively began to publicize our opinion regarding the socialist market. I would invite your participation in this regard.

[Orlov] Those individuals are fortunate who long ago possessed a clear understanding of this complicated question. But such "clarity" does not suit me, since it results in an inevitable race in prices and in social disruptions. A need exists for theory and certainly for market experience. That is, the activation of market relationships is needed beyond any doubt.

At the level of domestic consciousness, we often understand the word "market" to mean a sphere for the buying and selling of consumer goods and services. But this is a serious mistake, since the consumer market cannot be

separated apart from the broader concept. We have tolerated this mistake for an extended period of time and have even included it in our textbooks.

There cannot be a consumer market if an entire, unified and open market, one which includes the required relationships, elements, mechanisms and motivations, is lacking. It must include such mandatory components as a market for the means of production and consumer goods, that is, an extensive commodity market, a market for securities and even broader—a market for capital and broader still—for finances. Moreover, it should include a market for the products of intellectual labor and artistic creativity. The market is also impossible in the absence of an appropriate infrastructure—for example, a system of auctions, trade and stock exchanges, information-commercial and marketing centers and a network of publicity services. In other words, an information market. And certainly, interaction among the republic markets which finally leads to an integrated union market.

All of this represents the structural formation of the market. It embodies the principal internal tension, as pointed out by K. Marx—aggregate forces. On the one hand, they define the quantitative and qualitative essence and the impact of the structural elements. And on the other—the potential for combining market relations with state regulation. Here we have in mind demand and supply, their impact, the mechanism for interaction and their unity and opposition. Thus, when we discuss regulation of the market and through the market, we have in mind the ability to measure these two forces—the scale of demand and commodity supply—and bringing them into a certain conformity and finally—their dialectical equilibrium.

The impact of these forces is not arbitrary in nature. It is subject to the action and logic of the economic laws. Demand is influenced first of all by monetary income and prices. Whereas production, supplies and deliveries from without influence commodity supply. But prices also serve to stimulate many other factors.

Even from such a superficial and by no means complete enumeration of the components of a market (and indeed we have still not mentioned one word concerning such important conditions for its functioning as freedom of economic behavior, continuous inverse connection, the existence of a normal trade apparatus and others), it is apparent that this system of market relations is extremely complicated and that it is by no means an easy matter to express them in a complete and interrelated manner. And the most important factor—to implement in a consistent manner the program and the mechanism for market regulation, using the new price formation, the new wage policy, the new tax system and other levers.

[Tsvetkov] But could it be that such a program is not needed? Should I agree with your opponents that the market will regulate itself?

[Orlov] In my opinion, there are some impatient critics who believe that we are doing nothing towards converting over to market relations and in reality this is not true. Measures aimed at liberating enterprises, increasing the role played by local and republic organs and, accordingly, restructuring of the central administration and the introduction of new forms for management in industry and in the rural areas—yes these and many other steps have been taken clearly in behalf of the market!

And what has happened? Among other things—there has been a sharp drop in contractual discipline at many levels and slow growth in or even a reduction in the production volumes. The production of coal, petroleum and mineral fertilizers has declined considerably.

But is the search for methods for achieving independence the guilty party in this regard? Some economists and production workers are attacking the central organs: what are you doing, why are you privately abandoning enterprises which have unprepared and extremely destitute markets?

It is possible that the market will finally regulate itself. It is not too serious a matter to rely upon a curve that goes in a certain direction.

[Tsvetkov] Critics of the government's program stress that the government has not mastered any of the control levers. Hence the plans for saturating particularly the consumer market with goods are arousing considerable doubts. For example, the following facts are being cited as proof. Last year the task for commodity turnover was over-fulfilled and yet the shelves in the stores were empty. Unsatisfied demand is increasing and according to some authors its overall amount ranges from 40 to 200 billions of rubles. This is a five-fold spread. The increase of 66 billion rubles' worth in the production of consumer goods planned for this year has come under special fire. In comparing it with the average increases in past years of 17 billion rubles, your opponents never tire of mentioning this "miracle" which the government is expecting to take place.

[Orlov] The mastering of market relations will not be an easy task and it will be costly. But we will have to master this science and practice. This applies to everyone. Including those who today are all too quick with their criticism, as though they have solutions in their pocket for how to function in a system of market relations.

Let us now look at those complaints which you mentioned. The fact that the indicator for commodity turnover is not suitable for the new conditions—in any case the chief and leading one—has generally been known by everyone for some time now. The "market" coordinates must be described by other indicators. Which ones? This is the subject for a separate discussion and I do not believe that answers are as yet at hand for all of the questions involved.

Unsatisfied demand—yes, it is increasing. One reason is the fact that in 1988-1989 there was a rupture in the

sluice gates for sharp growth in the population's monetary income, which could only be referred to as true income-stimulants in an extremely arbitrary sense: they are not ensured by a corresponding increase in marketable goods. This has been discussed repeatedly and the solutions have been embodied in the governments program, which was approved during the 2nd Congress of the People's Deputies of the USSR.

In order to determine the amount of unsatisfied demand, the terms must be defined more precisely. There is such a thing as current unsatisfied demand. Last year—depending upon the computational method—specialists defined it as ranging from 45 to 60 billion rubles. There is accumulated (that is, brought forward from past years) unsatisfied demand. Goskomstat [State Committee on Statistics] estimates it as being roughly 165 billion rubles. For example, you saved money for an automobile and yet for two years now you have been unable to purchase it—this amount is included in the 165 billion.

As you can see, the government has once again closed its eyes. It is familiar with the difference existing between effective demand and commodity supply. And not just in rubles. It is familiar with the components of this unsatisfied demand. That is, those groups of goods which are needed first of all by the population. The development of the production of these goods is one of the chief conditions of the program for economic normalization.

[Tsvetkov] Does this apply to 1990?

[Orlov] Obviously. Indeed, at the present time we must not orient ourselves to the thought that all goods are in short supply and that such production must be developed all at once. Moreover, such potential is not available and there is no reason for engaging in reproduction to counter the deficit, since this would result in the immobilization of considerable resources.

[Tsvetkov] We have truly approached the question of the reality of an increase of 66 billion rubles in goods and services this year.

[Orlov] Let us emphasize from the beginning that regardless of the extent to which it is criticized the government cannot do it for less. To do so would leave the remaining parts of the program out of balance. Let us not forget that we are discussing here a year that is to serve as the base for the next five-year plan. And the chief concern is to take a firm step forward in the interest of justifying the hopes of people for a change for the better.

Secondly, it should be noted that a planned increase in goods is realistic to the extent that each individual who participates in the production is motivated by a need to obtain such an increase and to achieve it in a diligent manner. Literally, a great deal depends upon each one of us. Here the local and republic organs of administration must undertake a tremendous amount of organizational work, since they are primarily responsible for commodity support for the population in their regions.

Is there a possibility of achieving this increase during the year without resorting to price doping? It is clear that

you will not realize large increases in food products or in goods for which there is a high demand and which are relatively inexpensive. Still another aspect is the fact that this will be achieved at the expense of increasing the sale of television sets, refrigerators, washing machines, automobiles, video equipment, personal computers and other technically complicated products. Reliance is being placed upon such action: production operations which are already engaged in the production of such goods are being expanded and enterprises or departments of the defense complex are being redesigned.

It bears mentioning that the process of converting over the defense complex is also being subjected to critical analysis in the press. And truly there are questions here. But I cannot agree with those who unjustifiably state that the defense workers are not prepared to allow a substantial increase in goods. The preparations were carried out—they developed into an entire series of fairs with their participation. Here we found the basis for contractual relationships and the current annual plan.

Let us also take into account the fact that the consumer market is beginning to receive consumer "items" which earlier were not available. For example, apartments from the state and departmental housing fund are already being sold for private ownership. There are also stock shares of enterprises and securities for goods the production of which is still in the planning stage, loans for enterprises and cooperatives and treasury obligations. The possibility of introducing definite payments for the use of land by horticulturists and gardeners is being discussed. And the latter are expanding the trade in lumber and construction materials, gardening implements and equipment.

[Tsvetkov] At the same time, it is believed that there is a good basis for concern at the present time. The trade is expanding, but the capacity of the consumer market is growing as a result of a high increase in the monetary income of the population. Signals are being received indicating that all of the required agreements have still not been concluded for 1990.

[Orlov] Correct. But the government undertakes additional measures in such a situation. They also quite often give rise to criticism. And nevertheless they are needed.

What in particular is being proposed? The first concern—products for children and persons of advanced age. The requirements for these goods, sold at socially low prices, must as a rule be satisfied through the internal production of the union republics. Moreover, the recommendation has been made to have the republic councils of ministers not only expand the nomenclature but also to include in the state order the production of raw materials, other materials and component parts for this group of products.

At the union level for Gosplan and Gossnab, the proposal has been made to assign priorities for logistical support to those enterprises that produce non-food goods and also to allied workers who supply resources for their production. Support for redesigned defense and

other enterprises associated with the saturation of the consumer market is viewed as warranting the same priority and full volume.

Stern measures are being carried out in the case of those enterprises which, despite the state order for goods, decline to conclude agreements for their production and delivery. In accordance with a decision by the arbitration organs, it has been proposed that an amount equal to the value of the agreements not concluded be withheld from the profits and consigned to the budget. On the other hand, existing privileges are being retained and new ones added for those who become active producers. A group of incentives is also being prepared in a detailed manner.

Here we have mentioned only several of the many proposals being received in the USSR Council of Ministers. I would note that in developing the program we are analyzing in a scrupulous manner not only that which the ministries and departments are proposing but also everything of a constructive nature contained in the positions taken in informal actions, in press statements and in letters delivered to us. This is presently all being drawn together and provides the basis for the governmental decision. It bears mentioning that it is being prepared in fulfillment of the decree of the USSR Supreme Soviet concerning additional measures for stabilizing the consumer market and strengthening state control over prices.

#### **Material Incentive Needed for Successful Restructuring**

904A0100A Moscow *LITERATURNAYA GAZETA* in Russian No 50, 13 Dec 89 p 12

[Interview with T. Koryagina, doctor of Economic Sciences, head of the Department of the NIEI [Scientific Research Institute of Economics] at USSR Gosplan, by L. Velikanova, *LITERATURNAYA GAZETA* reviewer: "A Trillion for Petty Expenditures"]

[Text]

[Velikanova] Our conversation, Tatyana Ivanovna, promises to be a difficult one, since the global perestroika in the country's economic system, which we have all awaited with such hope, has for the simple person turned into empty shelves and counters in the stores (they have become like postwar stores), coupons for basic food products and consumer goods and increasing chaos in service. True, you, as an economist, as a scholar, predicted all this. The tension in society has begun to increase in direct proportion to the increase in all these difficulties, has it not?

[Koryagina] It is terrible for me to be the prophet who bears unpleasant tidings, I would like to perceive the processes taking place in our society more cheerfully, but right now is an inappropriate time for this. If you want to discuss the social problems of perestroika in earnest, I wish to say: yes, the commodity famine is a tremendous misfortune for us, but I would not call it the leading destabilizing social factor. Certainly, the figures for



unsatisfied demand are huge—90-100 billion rubles worth—but after all, all this has been piling up for a long time, so that it is a question here of something else. Of the fact that social disenchantment with certain deep-seated, fundamental values is setting into society. Society does not recognize this and spills out its dissatisfaction in the form of material claims and demands.

It is clear to the adherents of revolutionary reforms: the system of socialism—as we have built it—has come to a dead end. Inner tension has arisen, in connection with something we are all still arguing about, what will happen next: will it be breaking down this wall and moving forward in the old way, or will it be going back and seeking the path to restoring socialism on a healthy basis.

[Velikanova] What do you see as the source of the disenchantment?

[Koryagina] Our society has become atheistic too suddenly, and at the same time, the country has been religious from time immemorial. In my opinion, the general dissatisfaction stems from the fact that the goal which we have substituted for the Christian religion preached has turned out to be a deception.

[Velikanova] And the deception leads to unbelief. The eternal question arises: in the name of what?

[Koryagina] This is the main thing. So much has been pulled down, millions of people have been annihilated, a whole system of dogmas and principles has been advanced, and what have they come to? That we are no better off than before? That is why I would very seriously evaluate those deep dissatisfactions that exist in society right now.

If it is not related to deep-seated processes, however, but in this case, to talking about everything on a quite serious macroeconomic level, it must be confessed that we have really undervalued the possible disruption of proportions in the development of the national economy.

Our society has always paid little, and because of this slow increase in monetary incomes, it has somehow balanced the market. Nevertheless, it has always been unbalanced. Therefore, when, along with the development of economic reform, we somewhat liberated the work initiative and let people earn, the monetary mass began to increase and our weak market finally collapsed.

It only appears easy to produce goods. The existence of commodity producers who know how to put out a product that the consumer needs, correctly determine the place where it must be delivered, and how to calculate the time when it is best to do all this, is one of the main components of the economic system. An economic deception has been flourishing in our country for many decades: in a word—everything for the person, essentially the economic mechanism—to hell with the consumer!

[Velikanova] What will happen to the commodity producers now? We counted on the rapid effect of the new economic mechanism, but it turned out that the enterprises stopped producing items and products that were not advantageous for them. Things are bad again.

[Koryagina] The economic reform itself was thought out correctly, the economic system should be a market system, that is clear. But in working out its concept, we still did not give enough thought to the problem of the commodity producer. We continued to think that he would continue to develop in proportion to the development of the State sector....

[Velikanova] By slowly succeeding?

[Koryagina] Precisely. In 1987, models I and II of cost accounting were proposed, and then they added the cooperative sector and individual work activity (which, incidentally, remains at a standstill. It is essentially an unequipped sector of the economy).

Cooperative societies, though—they are on completely different economic principles, they are not coordinated with what is going on in the State sector. Everything, naturally, has become contradictory. The lack of acceptance, both by State enterprises and institutions, and by the population, of the new economic basis of our future economic system—the arising cooperative societies—has begun to increase. Here, it turns out, nothing has happened so far.

[Velikanova] How, though, and why should the State enterprises begin to work properly? Why would they suddenly begin to produce what is needed?

[Koryagina] The point is that at first they worked out the first and second models of cost accounting quite sketchily, and decided that the economic levers of perestroika were equipped. All this, naturally, was from a sphere of economic Utopianism, and thank God that we have now suddenly come to our senses and realized the naivety of our initial hopes. Realization of the fact that a manager is needed, and that the owner must be personified, or otherwise you will not get a commodity producer, happened only in 1989. This is directly connected with our fundamental goals, about which we began to speak earlier: where are we going and on what path?

Now we are faced with the next complex problem—overcoming inflation.

In my opinion, it is impossible to conquer inflation in a major way merely through restricting the growth of earnings. This is a struggle with the consequences and not with the cause of inflation. Its root lies in the weakness of the market supply, that is of the commodity producers. It is important that the rise in the incomes of the commodity producer is controlled by the market of supply and demand. Then everything will be in place. Right now, by limiting the mechanical rise in incomes, we have caused a lowering in the standard of living for many working families: the expensiveness is increasing! Let us take, for example, conversion. An enterprise that formerly made military products is beginning to develop

some durable goods, such as videotape recorders. High-quality raw material will go into their production, and highly skilled specialists will be used for this. All this will inevitably cause a rise in costs as compared with similar items manufactured earlier. There are many such examples. In addition, I repeat, you cannot develop a commodity producer quickly. This means that we will go on with this gap.

[Velikanova] Can joint-stock capital come to the rescue? Money is going there, since there is nothing to buy.

[Koryagina] Joint-stock capital is of course, good, but just a year ago we did not even have a theory of stock-holding capital. We have only just been able to start speaking publicly about national enterprises. Formerly no one at the highest level even wanted to hear that this was a major path to reform for major production in the State sector.

Even here, however, there are still a great many unsolved problems. What sort of experience is there here? NEP? For example, during the NEP times, the theoretical purpose, as the specialists say, was identical: joint-stock capital came as the third stage. First a balanced market had to be achieved, then the ruble had to be strengthened and made a working one, and then the joint-stock capital be created. Otherwise it was also capable of inspiring inflation, since large dividends could be paid. All the same, against the background of our sick economy, almost an eighth of it was unregulated and shady.

[Velikanova] Let us stop and try to break things down into figures. What does "an eighth shady" mean? Is every eighth ruble of our gross income seemingly obtained undercover?

[Koryagina] No, the accounting here is of course more complex.

If you take the gross national product as a comparative indicator, the shadow economy, according to a moderate evaluation, is only approximately one-eighth of it. This is a great deal—about 100 billion rubles a year. Actually, however, there is naturally less of the created product (as USSR Goskomstat calculates this indicator)—not over half, since in a shadow economy theft, bribes, speculation, etc. occupy a substantial place.

Let us say, a certain commodity mass is officially produced, delivered to the store or to the warehouse, but then its unofficial (shady) reforwarding begins, let us assume, to the North—at a different, higher price. This is also considered production activity, but it does not increase the commodity mass, only the profits.

[Velikanova] That is, there is seemingly an additional amount of product output (in money), but there is no increase in commodities?

[Koryagina] Indeed, the mass of commodities does not increase, but if there is excess money in people's hands, it disappears, since the prices really become insane. In a normal economic system they would be invested in new production (this also happens in our country—so-called

shop floor workers, for example, invest their money in expanding business), but the excess money mainly "passes from hand to hand": it is simply hidden "in a stocking", that is how they purchase valuables, how they use it to start some sort of complicated connections on a criminal level. This strongly tinged criminal business just ruins our economy.

[Velikanova] How does the shadow economy affect the differentiation of incomes and the property stratification of the population?

[Koryagina] With respect to a characteristic such as the distribution of monetary incomes, the shady activity is in no way taken into consideration on the official level. We scientists are attempting to consider and analyze something, but these studies too are not made on the State level, there is no State order for them.

In reality, the differentiation in incomes between families having incomes lower than 75 rubles a month per person (they constitute about 15 percent of the population of the country) and families of the underground "nouveau riche," living on the maximum, is colossal in our country. I think that it is one of the richest in the world. In my estimation there are now about 30,000 underground millionaires in the country. They own property (material and physical assets, and money proper) amounting to over 50 billion rubles.

According to official data, low and high incomes in our country have a correlation of one to three. In real life, in order for society to develop dynamically and for talent to be evaluated accordingly, the differentiation, in the opinion of my Czech colleagues, for example, should reach 1:10. In our country, the income differential (considering underground money) is actually much greater. The fortunes that were immobilized when criminal activities were conducted in Uzbekistan were estimated, as we know, in the millions. Alongside were old men and women who were receiving half-kopecks. Calculate for yourself.

[Velikanova] Shortages, stratification, a sense of social injustice—all this incites growing aggressiveness, a feeling of instability. What will this ultimately lead to? What are the predictions here?

[Koryagina] We have never before had sciences to study the crowd behavior, the psychology of society, classes, groups, layers and sublayers. It was thought that Marxist-Leninist philosophy answered all questions. As a result, we too have proved to be unprepared to foresee the processes taking place and to influence them skillfully. My vision is: when society loses the center of gravity that kept it in a state of equilibrium, a very intensive differentiation of personalities will begin to take place in it. Mentally unstable people, who in ordinary times are quite normal, will begin to be pushed to a state of stress. Psychological overloads will be added to the economic instability, indeed, just at a time when the grievances that have been piling up for decades are spilling over. There will be an explosion. This situation in society will increase the number of criminogenic features in certain

circles, regions and ethnic groups. We must also be prepared for all this, must arm ourselves, if only with the realization of the processes that are coming.

We must also remember that criminal groups are very closely connected with shadow economies. Right now a collision is literally taking place between the normal market and shadow market economists. At the same time, underground economics is attempting to be on top, to vanquish its competitors—the representatives of an open market economy.

It often succeeds in this. The underground economy is linked with corruption: it needs raw material, materials, equipment, facilities and must pay for everything. It turns out that the shady is always corrupted as well. Corruption, however, goes very high from bottom to top, and ultimately begins to utilize political forces for its ends. This is where the two policies collide: the policy of developing a market economy on a healthy basis and the policy (hidden, of course) of developing the market economy on a Mafia basis (Colombian or Sicilian variant).

[Velikanova] What would our Soviet variant be?

[Koryagina] Alas, the predictions are depressing. Many things point to the development of the Sicilian variant: we have a very strong Mafia ferment, and these people will not give up what they already have, especially since they are safely concealed in the upper echelons of power. This logic is the essence of the Mafia: the stronger the bribes, the more reliable the system should be, so that the business receives no publicity.

[Velikanova] It is a distressing prediction....

[Koryagina] Very distressing. I think that we may enter a period of frequent change in organizational structures, including governments.

In the confusion that now exists it will be very difficult to comprehend where the government is making mistakes and cannot overcome the difficulties, and where it is not making mistakes but things are bad just the same. This dissatisfaction of the people can cast off both good, correct governments and incompetent ones. In this sense I have a very pessimistic prognosis—also in respect to our deputy structures, by the way. I think that the majority will very soon have a sufficient grasp of the simple truth: the deputies can solve even fewer problems than the government.

There is a real basis for optimism, though—it is the spiritual readiness for true reform. In general a revolutionary time requires both individuals and structures of a certain type.

[Velikanova] The individual should have very firm principles, be very intelligent and be democratic. Do you agree with this?

[Koryagina] Yes.

[Velikanova] Just who is your ideal from among the political figures of the West in power right now?

[Koryagina] I have great respect for Margaret Thatcher.

[Velikanova] I thought so: she is very wise.

[Koryagina] She is wise, professionally, and as a specialist, highly trained and a talented politician. The main thing—she has not been afraid to say unpleasant things, but has said things that actually led to a subsequent improvement in life.

[Velikanova] Do you remember how rigid she was when Ulster was blazing?

[Koryagina] I am not a specialist on this. For a Russian person, no national problems have ever existed, and I do not have strong feelings about them. I have the same attitude toward all people: either friends or foes, but based only on human qualities.

This is how Thatcher acted in the economic system, here everything is clear: through clear-cut measures, completely intelligible economically (denationalization of a number of sectors of industry, a rigid attitude toward the strike movement, etc.), she succeeded in coping with inflation, which in England at that time was increasing and reached 15-20 percent, which for this country was totally extraordinary. In a few years, due to a wise state policy, inflation dropped to the normal 4-5 percent.

[Velikanova] You will agree, however, that all the same, Thatcher's activity was not linked to revolutionary transformations in the country, and she did not have to take risks to the same extent as Gorbachev.

[Koryagina] Of course. Moreover, an analysis of the speeches and the publications of the last few years indicate that there is no unanimity there, at the top. I realize that sometimes, when speaking, Mikhail Sergeyevich is reporting not his own personal opinion, but the opinion of the Politburo or the CPSU Central Committee. I think that we would not have such difficulty with complete understanding of the whole complexity of the present situation if there were no forces opposing Gorbachev. There are objective factors making perestroika difficult. They are also used in this struggle.

We must, in fighting for perestroika, certainly fight the Mafia. It is here, precisely organized and, in contrast to us, knows all too well what it wants. We are still only pondering, but they are thinking out plans for achieving victory. Here, on the matter of fighting the Mafia, I would like to know the personal position of Mikhail Sergeyevich Gorbachev. After all, it is actually only if he takes an active stand that it is possible to vanquish it.

It is important to realize: the global idea of our perestroika is correct. It must be unswervingly and firmly developed.

[Velikanova] People are tired of living in the future. They want a normal present.

[Koryagina] I think that others will remember the stagnant times with a sigh, as well: they say, it was better then. Those people did not know (and even now many of them have not realized), that there was a blind alley



there. Gorbachev's courage consists precisely of realizing this blind alley: the petroleum is finished, the economic system is not developing, the land and the air are being poisoned and there is no forward movement. On the contrary, everything has begun to go a bit downhill, and the whole country has begun to live according to the principle: "After us—the deluge." It is easy to go downhill, but uphill? You go, you steal it now. The most difficult thing here is to remain a democrat.

You can shoot, you can put people in jail, you can easily round up everyone (as Trotsky did) into a work army. It is very difficult, within the framework of democracy, within the framework of freedom, to make a person do what society needs. Indeed, even more with full deregulation of the economic system, and with great chaos in people's minds.

[Velikanova] This, apparently, is the logic of the transition period: it is difficult to come by anything.

[Koryagina] This very logic is also a big problem. When, for example, Gorbachev expressed, at the USSR Congress of People's Deputies, the idea that we must not immediately leap to a free market, at first I did not understand him, I was afraid that he was going against the idea. Then I reread the speech and was convinced: he has something completely different in mind. And he is profoundly right.

Actually, it would be folly to jump to the market immediately, even though in overcoming its imbalance, rapid results might be achieved. The counters would be filled up, but at what price? At the price of tremendous social losses, which are expressed in the fact that for a very large group of commodities that the people need, the prices would soar (perhaps tenfold). This would be a social collapse. The people would not stand for this sort of upward price flight.

[Velikanova] Does this mean that the market must be regulated all the same?

[Koryagina] It must be. This regulation, by the way, also exists in the West. The market must be regulated not by commands, but by additional stimuli for scarce types of products. The basis for this stimulus is a protectionist tax policy, and then—a State order with guaranteed supply.

By gradually getting away from rigid State regulation and beginning to release a certain proportion of the products for the market, we will be able to trace where the prices are jumping particularly often (that means, that people have an urgent need for these goods), and will be able to take additional measures: namely, under this type of activity, to invite Western entrepreneurs, to create joint firms, to purchase technology or to buy in addition some consignments of finished goods, so that the contractual (market) prices for them do not remain monopolistically high.

[Velikanova] Joint ventures—these are very much in style now. What if, however, they begin to use us as a

"third world" country and organize harmful production here, poisoning the environment?

[Koryagina] The environment—no. There must be no fear here that our work force is being used at half price, since our people will still have good earnings. It is cheap for the West. Singapore and Taiwan have developed due to this. They have now succeeded in outstripping many people who were above them with respect to economic status, so I make no tragedy out of this. Our labor is at the same time our training.

[Velikanova] We work so badly, though, that Western businessmen have begun to lose faith in us.

[Koryagina] You are saying something unpleasant. It may turn out that such an important source of supplementing our future market will not be able to be utilized.

I hope, however, that everything is not so terrible and will depend on how they pay at the joint ventures. If it is 50 rubles more than at ours—nothing will happen, if two-three-fold more, then competition will begin and professionals will be found among us.

[Velikanova] What is your attitude toward privileges and benefits?

[Koryagina] A calm one. Envy is unpleasant for me, I do not like it when something is taken from people. A person's income depends on him, and not on whoever is his enemy—that is what must inspire him. I prefer the American variant, there is even a saying there: if you are so smart, why are you poor?

Of course, with our administrative-command system, it would be impossible to earn....

[Velikanova] Even to get fixed up with a second job.

[Koryagina] "Everything depends on me myself"—this is the psychology of a free society, which respects an individual, his faith and his creativity. In this society even the privileges are disappearing, everything still stays like the old days.

[Velikanova] If some of the young people want to go to work abroad, do you see any way out in this?

[Koryagina] Of course. We are all afraid that they will not return. They will return. They will go, see the world, and learn how to work. For us during this time an appropriate economic structure must be created, so that, when they return with new skills, they will find work places ready for these skills. In Yugoslavia, due to going away to work, there has been a great influx of productive capital. When they returned, the people brought with them equipment, and opened workshops. They went back, without being afraid to be left without work: they found out first what the conditions were on the domestic market, what business it would be best to develop and trained themselves for it.

[Velikanova] To put it briefly, we must also be prepared for even greater social stratification.

[Koryagina] We should prepare for the visible stratification (not the hidden), as now, and acknowledge it.

[Velikanova] Tatyana Ivanovna, tell us, have people not talked to you about proposing you as a candidate for deputy of a republic or local Soviet?

[Koryagina] They have. I gave my consent to the Zelenogradsk citizens. I am still very doubtful, however, as to whether I did the right thing. It seems to me that my calling is no longer politics, but helping the people's authorities to implement economic reform, aimed at raising not only the level but also the quality of our life, that is, toward improving our attitude.

[Velikanova] I would like you to outline your constructive program at least briefly.

[Koryagina] A reader of LITERATURNAYA GAZETA has a good idea of it, since it was outlined at some length in my article "Ya" i "My" [I and We] (LITERATURNAYA GAZETA of 24 May of this year). I will remind you of its main thesis.

We can become a dependable country only if we decisively give up unwarranted leveling, and at last begin consistent introduction of the principle of material stimulation of work initiative. We should consciously go toward the highest ever and even super-high incomes for those who through their work make the greatest contribution to the country's economic production and increase in national wealth. High and super-high incomes, however—means that rich people appear—those who have grown rich honestly and openly, and not under the counter, as now, but the masses do not want to comprehend this, preferring the present "shady" deception.

Specifically, to make the transition to market relations, the credit-financial system must be immediately transformed. The Supreme Soviet should take over and rigidly control the emissions and expenditures of the State budget. Take the banks out from subordination to the administrative apparatus. "Tie up" the mass of monetary savings of the population so that when prices are unfrozen they will not immediately jump up several-fold. Sell or lease housing, land and small enterprises to the population. All this must be done immediately. In two, three years at the most, abolish the system of directive planning and funding for a large portion of commodities.

I repeat: the way out of the crisis lies in a policy of stimulating the economically strong productive collectives. They are the ones who will make it possible in the shortest periods to accumulate financial resources to solve the most important social problems: increasing pensions; subsidies, raising the standard of living on the whole. Also unequivocal is the fact that only a market economy with limited State administrative influence on its development can reanimate our national economy. Consider, however, increasingly, the articles now appearing in the press by adherents of the old, "tried," noncommercial methods of controlling the national

economy; they use each failure separately and all the present difficulties together—they hold on, do not let our economy go, tie it hand and foot. They must also be overcome, and they have many adherents.

[Velikanova] But can you really do without the funds and the monetary investments?

[Koryagina] Of course not. It takes a tremendous amount of funds to get out of a state of poverty. According to our predictions, it will take 1.5 to 2 trillion rubles to carry out the social program for major reconstruction of life and everyday life for our population in the next 15-20 years. Only then (plus, I emphasize once more, major reform of the economic system) will we approach world standards with respect to the level of earnings, pensions, quality of housing and medical service and other parameters.

## INVESTMENT, PRICES, BUDGET, FINANCE

### Growing Reliance on Foreign Currencies Threatens Ruble

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19 Nov 89 p 5

[Article by V. Solovyev: "Everything for Hard Currency? Controversial Notes on Whether the Ruble Can Be Defended if the Dollar is Preferred"]

[Text] I confess, when the television reporter solemnly announced the opening of the "Savoy" Hotel, I felt none of the "legitimate pride" for the fact that our country has a four-star hotel for the first time, i.e., almost the highest rating. I was not overwhelmed by the hotel's wonders: it has almost everything, but none of it is for us.

Let me say more. I am not overjoyed by reports about new stores opening in the USSR where fashionable clothing and consumer goods can be purchased for convertible currency. I do not rejoice hearing invitations to restaurants where one could eat very well if one offers dollars, not rubles, to the waiter. I am not happy because I know that many people are still unable to buy fresh bread at the country store, and coming to the city they spend the night on the hard bench at the railroad station.

Naturally, no reasonable person would deny that foreign visitors—both tourists and businessmen—are also human beings and need normal conditions. It is another question that is difficult to answer: Why do we always seem to care more about them than about our own people?

And the fundamental question: Why is it that the very same Soviet man who, as the song says, "walks as a master of his immense Motherland," in his own land and with his own hard-earned money becomes a second-class being compared to foreigners? Why are entire zones in the country closed to him, containing hotels, stores, etc., even theaters where most tickets are sold for hard currency?



As to the explanation given for this situation—that there is nothing else to be done since the country needs foreign currency—it is dubious both politically and economically.

Let me explain. It is nothing but a myth to claim that all those "islands of capitalism" that are being set up are needed to earn hard currency. What would happen if we did not have them and if the USSR, as most other countries, used only its own currency, the ruble? Nothing. Foreigners would continue to change their money at the bank according to their needs. In other words, the state would not suffer. On the other hand, if any possibility of using real, live dollars and pounds sterling were eliminated, the main source feeding the immense host of criminals swarming around hard currency operations—from prostitutes to currency speculators—would disappear. Groups of officials whose job it is to provide special service to foreign tourists and businessmen would also become redundant.

Clearly, few would voluntarily quit their feeding troughs. It is there, in those convertible oases, that all those goods in short supply, which many of our citizens only know by hearsay, are gathered. The logic of those who sponsor this activity is plain as day: "People pay hard currency only for the best." This is where they sell all the best goods. We get none, even though those goods are often produced by us.

The unfairness of this is not open to discussion. Is such an attitude toward own citizens considered admissible in the West?

In short, I think that in our country the ruble must be the master, everywhere, at all times and absolutely. Let foreign tourism grow and commercial and cultural ties widen. I know that every time visitors change their money to rubles, the ruble will get stronger. This is our common concern and desire.

Has anybody thought about the price we pay for letting different currencies be used in our country? Especially since those currencies are not mutually convertible and have different purchasing power?

It is clear that the higher the exchange rate of a currency vis-a-vis other currencies, the more it buys. The more goods we sell in our country for dollars, the more we strengthen the dollar. And we consciously reduce the purchasing power of the ruble. Who benefits from it? Maybe those who truly want to see the dollar be worth a pound of dry rubles?

I may be overstating the case. But there is food for thought here. For some reason, no privileges are afforded to the currencies of other socialist countries, even though we need them very much. Citizens of those countries, when they come to the Soviet Union, somehow manage to survive on Soviet rubles. Interestingly enough, no one has died of it yet, and our ties have not weakened. Do we want to saturate our internal markets with dollars to the extent that we too are affected by play in Western foreign currency markets?

However, I am far from trying to explain everything by such conspiracies or by two-tier prices—in rubles and in dollars—which are a fertile ground for the black market. The reason is more complex. A symposium at the USSR Ministry of Foreign Affairs noted that the special attention paid to Soviet-American relations at a certain stage resulted in a slant in favor of this area of our foreign policy, hurting other areas, such as African, Asian and other relations. In foreign trade, too, such a slant probably occurred. Is a broad-based orientation to the markets of the United States and its allies not the foundation of today's priorities, which makes us designate officially their convertible currencies as first grade? In essence, we are giving a signal, sending everybody chasing after those currencies.

Preoccupation with hard currency seems to become an obsession with us. Absurd situations arise, such as a Minsk printshop announcing to Soviet television viewers that it would perform any printing job for convertible currencies. To justify this they claimed that they used imported equipment. (Very original. One would think no other enterprise in the country used foreign equipment.) Even granting that the printshop was a joint venture, still, the original idea was the opposite: such ventures were meant to provide high quality goods for our internal markets, to help ruble-denominated commerce while also earning hard currency abroad for their own and their country's needs, not milk it out of the country in cahoots with their foreign partners.

The printshop is not alone. Recently, KOMSOMOLSKAYA PRAVDA reported about an organization that asked hard currency from its fellow-citizens for bricks and other construction materials. The newspaper MOSKOVSKIY LITERATOR featured a spirited debate about opening a bar on the premises of the Central Writers' House for clients with dollars and pounds. "A hard currency bar instead of a party committee is what we need," quoted the newspaper, one of those who is called upon to teach readers morality and social justice.

It is alarming that such examples multiply by the day. One begins to wonder whether the Soviet people realize what they are doing, that they undermine the value of the ruble by excluding it from their accounts.

We should also take a closer look at the USSR Council of Ministers resolution granting purchases of high-quality wheat, oilseeds and beans from Soviet citizens for foreign currency. This idea was advanced by some publicists ("Why should we pay dollars to Iowa farmers and not to Kuban collective farmers? Why are ours worse?") and seemed so appealing that many people were seduced by it. Amid general excitement, almost no one asked the basic question: What about those who produce meat, milk, soap, detergents and all other goods in short supply which we also import in considerable quantities? To be just, they too should be paid in dollars. In this case, however, the ruble should be taken out of circulation altogether.

Indeed, is it not crazy to sell our oil to the West, taking it away from Soviet users, in order to pay for surplus grain? This at a time when kolkhozes and sovkhoses are routinely short of fuel.

What did the state gain by deciding to simply transfer hard currency on the farms' accounts instead of undertaking the difficult task of organizing bilateral trade with the countryside or raising purchasing prices? We paid dollars by selling raw materials before, and we continue to do so. Only the seller is different.

Those who set up this deal claim that everything must be taken into account to see the true benefits. We save on prices, which are lower than in world markets, transportation, storage and other handling costs. However, if everything is being taken into account, we should ask one more question. What do our savings look like, given the fact that we must still buy grain overseas to honor the contracts we have signed for the five-year plan period? One can understand such use of hard currency to stimulate grain production as a one-time measure resorted to in distress. Clearly, the search for new ways cannot be conducted entirely without errors. But why choose this path for the future?

I think that we ought to make an in-depth study of all benefits and defects of the steps we have taken thus far and to make corrections. This is especially true, since according to the press the innovation was not so attractive to actual producers.

But do not accuse this author of intent to attack foreign trade in general, joint ventures or the idea of earning hard currency. On the contrary, I support all this. At the same time, I caution you to remember the advice of Kozma Prutkov: "Man has a head to keep him from walking upside down." Strict priorities must be set in all of these activities. The country does not need hard currency for its own sake. It has to satisfy the demand of its citizens, which is the purpose foreign trade should be subjugated to. We must not forget what is a priority and what is secondary in this area.

If we are guided by this principle, we will never sacrifice the interests of our citizens in the name of foreign trade, as it is done at times: the internal market is neglected in order to export goods in short supply, so that that neglected demand can be satisfied by imports. Here is just one example: despite a severe shortage of small tractors (the "Vladimirets" class), a large share of their minuscule production is exported. Meanwhile, we buy similar equipment abroad. In what way do farmers benefit from this "division of labor"? Does such trade not become a goal in itself?

I do not argue with the thesis that it is better to sell manufactured goods than raw materials. It is true. But why is it that another aspect of foreign experience is never mentioned, that in some countries it is forbidden to export goods which are in short supply in internal markets? Where are the calls to study this experience?

Finally, why are the theorists of our foreign trade policies silent about the fact that most Western countries forbid the use of other currencies on their territory?

Here is an interesting example: I have just returned from a trip to West Germany, where there is not a single store selling goods for dollars, even though the mark is a convertible currency. A strict principle of one country-one currency is in force there. If you want to buy anything, you must go to the bank and exchange your dollars or pounds for marks. The exchange rate is a subject for another discussion. I am talking now about protecting our domestic currency.

Silence also envelops the issue of how internal markets in capitalist countries defend their currencies against the dollar. (The ECU, the special monetary unit of the European Monetary System, was created precisely for this purpose.) So, who gains by giving a green light to the greenback and restricting the ruble?

Let us not forget that it is not the dollar but the ruble that needs support by a set of measures to effect the long-promised and long-awaited strengthening of our financial system.

Another alarming tendency is blind trust in Ostap Bender's adventurist thesis: "The West Will Help Us!" Almost daily one comes across the following statement in interviews: "Yes, we have many problems. We will solve them by setting up a joint venture." Or a variation on the theme: "We will solve them quickly once we get hard currency to pay for imports." One reads them in amazement. Why do people believe so firmly that the West has a burning desire to help us? Where is the healthy realization that aside from ourselves no one can solve our problems? If we set as a goal to import everything, we will always be in a catchup situation, as we will be buying yesterday's products. While we install them at home, the West will push further ahead. Tomorrow, we will be back on square one unless the day after tomorrow we can design our own best technologies which we could sell abroad. When will we revive our competitive spirit and understand that buying even very inexpensive technologies to replace our worn-out equipment can be but a temporary tactical step to solve our acute problems? When will we understand that no development strategy can be built on imports?

Naturally, on an emergency basis, it is easier to import finished products. We do so without realizing that we could do without imports. (Recently, a journalist friend of mine told me an interesting story. The chairman of a kolkhoz in need of construction materials was very happy when he exchanged his products for good nails. How shocked he was, then, when he saw a Soviet label on the cases of nails which he received from his foreign partner. Those nails had been previously purchased in the next rayon.)

The situation is such that some agency heads, when they need to improve their business, ask the Supreme Soviet for hard currency instead of rubles. It is as though their main goal were to fill up the order books of foreign firms!

It is time to ask whether our enterprises stand a chance to ever reach world levels, given this attitude when orders go to foreign firms and not to them.

At times it would seem that an inferiority complex is intentionally forced on our engineers by giving orders abroad and not encouraging them to be leaders. And yet, analyzing our history, one sees that there has not been a single problem we could not solve with our unique potential. Is this not why the retired customs agent Vereshchagin from the well-known film is quoted so often: "My hurt is for the state"?

Many questions torment me as I think of all this. Too long we have welcomed every contact and contract, knowing that greater trade leads to stronger peace. This is true. However, we have thought little of the fact that foreign trade not only serves to strengthen peace but to satisfy our needs and to protect the interests of society. We forgot that while broadening trade, the state not only can but must protect the interests of its consumers and producers. This gives us plenty of food for thought.

#### Public Opinion Poll Reveals Resistance to Retail Price Reform

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[Article by Valeriy Maksovich Rutgayzer, doctor of economic sciences, professor, deputy director of the All-Union Center for the Study of Public Opinion under the AUCCTU and the USSR State Committee for Labor and Wages, and Nikita Vadimovich Kirichenko, scientific associate at the Scientific Research Economic Institute under the USSR Gosplan: "Public Opinion of the Price Reform"]

[Text] The conditions of the forthcoming retail price reform in our country attract universal attention and are discussed widely. It could not be otherwise: It is a matter of something that affects the vital interests of every person every day.

Out of the flow of opinions of the reform it is necessary to reveal the most typical and substantial. This will help to coordinate to the maximum possible degree the interests of people as citizens and patriots of their state and as consumers, whose real situation most directly depends on retail prices, especially, of necessities. In December 1988 the All-Union Center for the Study of Public Opinion of Social and Economic Problems under the AUCCTU and the USSR State Committee for Labor and Wages conducted research on problems concerning the population's attitude toward the forthcoming state retail price reform, which encompassed nine regions in the country. The following tasks were set: a) to determine the population's general attitude toward a possible state retail price reform; b) to reveal the conditions of realization of this reform and implementation of compensation measures against a decline in the people's standard of living preferred by the population; c) to clarify the population's possible reaction to the implementation of this reform, in particular in connection with an increase in state retail prices of products of animal origin.

The composition of those polled (respondents) by sex, age (we approached only individuals over the age of 16), education, social position, and type of residence reflects the structure of the country's population quite accurately. The distribution of respondents by age is characterized by the following data (in percent):

Under 20 years old	11.2
20-24 years old	8.6
25-29 years old	12.9
30-39 years old	17.4
40-49 years old	16.6
50-54 years old	10.4
55-59 years old	9.2
60 years old and older	16.8

Among those polled urban residents made up 66.2 percent and rural residents, 33.8 percent. The characteristics of the poll by the types of occupations of those included in it are significant. They are presented below (in percent):

Members of management of enterprises, institutions, and organizations	7.6
Specialists in technical fields and economy	10.3
Specialists in the field of science, culture, art, and education	12.8
Employees and technical executors	3.2
Workers	35.7
Pensioners	17.4
Housewives	1.3
Pupils and students	9.1
Other occupations	2.6

Out of those employed in public production, 39.6 percent work at industrial enterprises, 11.1 percent at agricultural enterprises, 45.1 percent in sectors of the non-production sphere and services for the public, and 0.9 percent in cooperatives.

The amount of average per-capita monthly income is another important aspect of the differentiation of those polled. The distribution on this basis is as follows (in percent):

Under 75 rubles	24.3
75-100 rubles	24.6
100-125 rubles	19.3
125-150 rubles	14.1
150-175 rubles	6.0
175-200 rubles	5.2
200-250 rubles	3.8
Over 250 rubles	2.7

As was clarified in the course of the poll, those polled acquire the major portion of the consumed products of animal origin in state trade. They were asked the following



question: "What share of the consumed meat and dairy products do you acquire in state trade?" Here are their answers (in percent of the total number of those polled):

	Dairy Products	Meat Products
All products	63	42
Major portion of the products	13	20
Smaller portion of the products	14	27
The indicated products are not purchased in trade	8	9
I have difficulty in answering	2	3

Therefore, the retail price reform, whose basic element is an increase in retail prices of meat and dairy products, affects the vital interests of the bulk of the population. However, it should be taken into account that in the sampling the rural population is represented by residents of rural areas, which are in relative proximity to large settlements. The good transport accessibility of rayon and oblast centers is a factor contributing to the migration of meat and dairy products from urban to rural areas and, accordingly, the share of purchase of the rural population in state trade is overstated somewhat. Such sampling indicators as the ratio of men and women and of urban and rural residents accurately reflect the corresponding structures of the USSR population. The sampling slightly overstates the share of individuals with higher education (by 6.5 points) and the share of individuals with incomplete secondary and elementary education (by 3.5 points). The share of individuals with secondary education is understated respectively (by 10 points). The share of those employed in the nonproduction sphere is overstated similarly (by 11.1 points), while the share of those employed in industry and agriculture is understated.

The above-mentioned deviations have led to a marked difference in the level of average per-capita monthly income: 113.4 rubles in the sampling; in fact, about 146 rubles in the country. At the same time, among those polled the share of those receiving comparatively low income (under 75 rubles per month per capita) is overstated by 9 points, as compared with that existing in the country, and the share of those with high income (over 200 rubles) is understated by 7.3 points. These differences were taken into consideration during the interpretation of the survey's substantive results.

Since a mandatory increase in state retail prices of meat and dairy products is one of the basic conditions of the price reform being worked out, respondents were asked the following question: "Do you believe that the reform in prices of meat and dairy products is imminent?" Answers were distributed as follows (in percent):

Absolutely yes	11
More likely yes than no	9
More likely no than yes	21
Absolutely no	40
I have difficulty in answering	19

As can be seen, the overwhelming part of the population (61 percent) is against the reform. If those who have not yet determined their opinion are excluded, it will turn out that there are three opponents per supporter of the reform. True, such an evaluation of the polarization of public opinion is slightly displaced. The point is that in the group with average per-capita income of less than 75 rubles per month the share of opponents of the reform (without taking into account those whose opinions have not been formed) makes up 81.0 percent and in the group with income of over 200 rubles, 70.6 percent (including with income of over 250 rubles, 58.1 percent). Meanwhile, as has already been stated, the proportion of low-income groups among respondents is higher than the actual proportion in the country and of high-income groups, lower.

Using the data on the polarization of opinions in terms of income groups and on the population's distribution on the basis of the average per-capita income level in accordance with the materials of the USSR State Committee on Statistics, a more accurate structure of the section "opponents-supporters" can be constructed: The former make up 67.7 percent and the latter, 32.3 percent.

Obviously, there would be somewhat more supporters of the reform if there were a better supply of goods for the population than now. This is indicated by the answers of those polled to the following question: "Under what conditions would the population object least of all to an increase in prices?" Among the answers a saturation of the consumer market often figured as a preliminary condition. At the same time, 32 percent of those polled assume that the population will be more loyal to the reform "if the assortment of meat and dairy products expands significantly"; 20 percent, "if the assortment of other food products expands significantly"; another 20 percent, "if the assortment of industrial goods expands"; 10 percent, "if public dining improves qualitatively."

It should be noted that those polled, as a whole, react more sharply to the food shortage (51 percent pointed out this problem as the most important for their family) than to a high price level as compared with income (47 percent). Out of those polled 82.5 percent believe that the problem of the food shortage must be solved immediately and 67 percent point to the need for the most rapid rise in the standard of living. At the same time, the essence of the food problem is connected with high prices in cooperative trade and at the kolkhoz market (in the course of the reform prices are to be raised precisely to their level) only in 19.8 percent of the cases; with factors generated by the food shortage, in 47.9 percent of the cases. Out of these factors the following are singled out: speculation, 11.8 percent; lines, 9.1 percent; poor supply in some regions, 8.4 percent; food shortage, 18.6 percent. Apparently, here the shortage of food products is evaluated by the population rather as a narrow social phenomenon, because only in 0.2 percent of the cases it is connected with shortcomings in agricultural production. Hence the conclusion that *the problem of the food shortage causes a much greater social tension than the problem of high prices.*

At the same time, an opinion has been formed that it is impossible to get rid of the shortage by means of a price reform. According to our survey, along with a fuller saturation of the consumer market, the population connects the possibilities for a greater acceptability of the retail price reform with the elimination of elements of social injustice, which is evident from the following answers (in percent of the total number of those polled):

If, as a result of the reform, social justice is strengthened	26
If the reform is carried out in a truly democratic manner (for example, on the basis of a nationwide referendum)	37
If the country's military expenditures are reduced simultaneously	13

Judging by everything, the population has formed steady stereotypes of concepts of any statewide measures in the area of retail prices in the last 20 to 30 years. First, these measures themselves are carried out in a bureaucratic and undemocratic manner. Second, as their result, workers' material interests are infringed upon. Third, this is done for the mobilization of additional resources "at the population's expense" for the purpose of carrying out various, in particular military, programs.

At the same time, it should be especially noted that *the share of those polled, who under any conditions do not agree with the retail price reform, is very negligible—only 1 percent (23 out of 2,000 answers).*

In the course of the poll it was clarified that the population distrusts the possibility of realization of the reform's basic idea: To fully compensate for the decline in the standard of living connected with it. To the question "will the state fully and promptly compensate for the losses in the population's income connected with an increase in prices?" 15 percent answered "yes," 51 percent, "no," and 34 percent had difficulty in answering. Thus, the share of the people who have fully determined their attitude toward the basic principle of the reform (full compensation for the population's losses) is quite big: 2/3.

If the sample survey data are corrected for the conditions of the population's distribution according to the average per-capita income level existing in society, the ratios of those trusting and not trusting compensation measures can be refined. For example, in groups with different average per-capita monthly income answers are distributed as follows (in percent):

	Under 75 Rubles	Above 200 Rubles
Yes	14.7	19.7
No	43.3	52.8
I have difficulty in answering	42.0	27.5

However, the refined figures constructed on the basis of a combination of sampling data and the information of the USSR State Committee on Statistics look as follows: "yes," 20.7 percent; "no," 47.1 percent; "I have difficulty in answering," 32.2 percent.

Those polled very willingly described the most preferable, from their point of view, mechanisms for compensating for the population's probable losses as a result of the retail price reform. Four basic versions of implementation of compensation measures can be singled out: 1) the same additional payments per family member; 2) reduction (abolition) of taxes on workers' and employees' wages; 3) differentiated increase in wages, pensions, allowances, and grants; 4) reduction of prices of industrial goods. In any of these versions the payment of special allowances to badly-off families can be envisaged additionally. The answers to the question "what measures more than others could compensate the population for losses due to an increase in retail prices?" were distributed as follows (in percent):

The same payments of sums of money to every family member	10
Reduction (abolition) of taxes on workers' and employees' wages	16
Increase in wages, pensions, allowances, and grants	60
Reduction of prices of industrial goods	37
Payment of additional allowances to badly-off families	20

(The sum is over 100 percent, because individual respondents mentioned not one, but several conditions).

Only 1 percent of the respondents hold the opinion that "nothing will be able to compensate for losses."

If evaluations of the population's positions are given, first of all, the following can be stated: It is against a leveling approach in the implementation of compensation measures (it weakly supports the same payments of sums of money to every family member). In our opinion, this is especially important, because those who work out the conditions of the retail price reform propose a variety of leveling compensations.<sup>1</sup> With regard to the reduction of prices of industrial goods considered a mechanism for compensating for losses in people's standard of living, having many supporters, it nevertheless requires additional commodity resources, which cannot appear right away.

The sounding of public opinion made it possible to reveal the preferable versions of the reform's implementation:

1) a centralized (on a Union scale) increase in state retail prices and a statewide decision on the methods of compensating for it;

2) decentralized decisions of the same nature in individual Union republics, krais, and oblasts so that compensation measures concerning pensioners, students, and other population categories, with respect to which centralized decisions are mandatory, may be carried out on a statewide scale.

It should be noted that the difference in the evaluations of these versions is negligible. If those who had difficulty in making a choice (23 percent) are excluded, it will turn

out that the votes of the rest were distributed approximately equally: 53 percent for the first version and 47 percent for the second.

As is well known, only the all-Union version of the reform's implementation has been elaborated until recently. Judging by our survey, it is also necessary to carefully deal with another version, that is, such that would take into account *regional characteristics*.

It should be noted that the Lithuanian SSR, where 81.6 percent of those polled (without taking into account individuals who had difficulty in expressing their opinions) support the reform's second version, is the only region where priority is given to decentralized forms of the reform's implementation.

Apparently, preference for the reform's regional version here is connected with the extremely low degree of trust in the state in the part of compensations (only 4 percent of those polled trust it).

Full compensation for losses of income as a result of the retail price reform is possible only with respect to the population as a whole. Obviously, for its individual categories a loss to one extent or another cannot be avoided. This concerns relatively better-provided strata of the population, which include workers, whose skill training and occupational level are above average.

The questionnaire had the following question: "What will you do if your family's financial situation deteriorates as a result of the reform?" The answers to it are represented by the following data (in percent of the total number of those polled. The sum of answers is over 100 percent):

I would try to change over to a better-paid job	33
Most likely, I would not be able to take any steps	23
I would try to hold more than one job	22
I would engage in individual labor activity	9
I would test my strength in a cooperative	8
I would try to move to a rural locality	4
I would try to move to another region in the country, where life is cheaper	2
I would reduce the consumption of products whose prices rose	1
I would find a way of getting more at my work place	0

An increase in products of animal origin, even despite the implementation of compensation measures, should cause a decline in their consumption level (elasticity of demand depending on the price will appear). In connection with this people's desire to maintain their usual consumption level is quite natural. This can be ensured only at the expense of additional earnings. It is characteristic that among the respondents there are no people who expect such earnings at their work places. The desire to seek them elsewhere is more widespread.

According to the data of our poll, among the supporters of the retail price reform average monthly per-capita income totals 116 rubles and among its opponents, 108 rubles. With a rise in average per-capita income the share of the former increases and of the latter decreases. This is indicated by the data in Table 1, which presents the relationships of the shares of supporters and opponents in terms of the population's income groups equated along a regression line of the  $ax + \beta$  type.

Table 1.  
Share of Supporters and Opponents of the Retail Price Reform in Terms of Population Groups According to Income

Population groups according to average monthly per-capita income, rubles	Attitude toward reform, percent of the group size		Population groups according to average monthly per-capita income, rubles	Attitude toward reform, percent of the group size	
	Supporters	Opponents		Supporters	Opponents
Under 75	14.9	63.5	150-175	21.9	59.5
75-100	16.2	62.0	175-200	23.0	56.2
100-125	19.3	61.0	200-250	26.2	55.0
125-150	21.3	60.2	Over 250	32.1	52.1

The share of individuals expressing trust in compensation measures increases similarly: from 15 percent in lower income groups to 19-20 percent in upper ones. However, the

individuals who do not trust compensations are most of all where the income level is slightly above average and least of all, among badly-off groups (table 2).

Table 2.  
Attitude Toward Compensation Measures

Population groups according to average monthly per-capita income, rubles	Share of individuals not believing in full compensation, in percent of the group size	Population groups according to average monthly per-capita income, rubles	Share of individuals not believing in full compensation, in percent of the group size
Under 75	43.3	150-175	60.7
75-100	49.2	175-200	59.8
100-125	52.5	200-250	54.1
125-150	56.3	Over 250	50.9

In our opinion, a comparison of these two tendencies reflects, although not in an obvious form, the contradictory interaction of two factors, which form public opinion and are of a historical nature. On the one hand, as already noted previously, the negative stereotype of perception of the "price-compensation" connection engendered by managerial decisions of past years is reflected; on the other, definite trust in the policy of social guarantees and active labor stimulation.

Concerning preferences for methods of compensation, essentially, there are no special differences between supporters and opponents of the reform. It should be noted, however, that opponents of the reform give preference to such a form of compensation as a reduction of taxes on workers' and employees' wages to a much greater extent than supporters.

To the question of the necessary conditions, under which the population would least of all object to an increase in prices, supporters and opponents of the reform answered in approximately the same manner. Here, however, there is a very important, in our opinion, inversion: Supporters of the reform put economic factors (expansion of the supply of goods) in the forefront and opponents (including those who do not believe in an equivalent compensation), the political factor (an open discussion of the reform and assessment of public opinion).

The presented facts indicate that distrust in the state and a concept of the reform as a purely formal measure are the basic subjective factors forming the negative attitude toward the reform. Furthermore, it should be noted that both supporters and opponents of the reform are equally indifferent to whether it is a one-time reform, or it will be

prolonged. In other words, the rates of the reform's implementation are not a factor forming the attitude toward it.

If the population's attitude toward the reform depending on the educational level is examined, it becomes clear that the share of its supporters increases together with a rise in this level. For example, for individuals with higher and incomplete higher education the proportion of the reform's supporters (without taking into account those who had difficulty in answering) is 31 percent, with secondary education, 25 percent, and with incomplete secondary and elementary education, 19 percent.

The structure of food products consumption channels is of definite significance for the formation of the attitude toward the reform. Among those who acquire the major portion of the meat products in state trade (without taking into account those who had difficulty in answering) the share of the reform's supporters makes up 22 percent and of those who purchase meat basically through other channels, 30 percent. Among city dwellers (without taking those who had difficulty in answering into account) supporters of the reform make up 22 percent and rural residents, 31 percent.

We consider it necessary to dwell on some other interesting, in our opinion, contingencies. First of all, we would like to note that among supporters of the reform only 88 percent believe in full compensation for losses (including among unconditional supporters, 44 percent). Among opponents this share, naturally, is lower—17 percent (including among unconditional opponents, 16 percent). Table 3 presents data characterizing the population's attitude toward the reform and the degree of trust in compensations in terms of social and occupational groups (in percent of the number of individuals having a certain position in a given social group).

Table 3.  
Attitude of Various Social Population Groups Toward the Reform

	Price Reform		Compensation for Losses	
	for	against	trust	distrust
Students	37.0	63.0	17.8	82.2
Workers in nonproduction sphere (including science)	27.5	72.5	13.8	86.2
Housewives	25.0	75.0	14.3	85.7
Workers in the administrative-managerial apparatus	24.2	75.8	22.6	77.4
Skilled workers	21.7	78.3	20.1	79.9
Pensioners	21.1	78.9	34.5	65.5
Low-skill workers	17.0	83.0	27.4	72.6



The data in Table 3 indicate that pensioners and low-skill workers much more often than all the other population categories are confident of full compensation. Nevertheless, they support the reform to a much smaller degree. Next, it is interesting to note that among those who trust the compensation policy 64 percent believe that the reform should be of an all-Union nature and among those who do not trust it the majority, although negligible (51 percent), is for the regional version of the reform. In other words, people, in whose eyes state policy in the area of change in prices and income has discredited itself, see a real alternative in the decentralization of powers in the control of price and income dynamics.

Furthermore, it is necessary to characterize the forms in which opponents of the reform will prefer to express their disagreement with the actions of the authorities in case of its implementation. For example, 50 percent point to unorganized forms of a passive protest (the population will accept the reform as an inevitable evil and will express its disagreement in talks among itself). A total of 28 percent of those polled give preference to active social and political forms of protest (letters to the press and leading bodies, meetings, and demonstrations), 6 percent point to the possibility of organized manifestations (strikes, disturbances, and so forth), and 5 percent note the possibility of an economic protest (deterioration in the quality of their own work). Of course, it should be taken into account that the poll had been conducted before strikes, as a means of realization of certain economic demands by workers, acquired a rather perceptible scale.

The regional difference in opinions of the reform was mentioned only in one case (in connection with the attitude toward the "regional" version of its implementation in the Lithuanian SSR). Let us dwell on this aspect of the matter at somewhat greater length.

The ratio of supporters and opponents of the reform throughout regions is as follows: in the RSFSR 22.4 percent "for" and 77.6 percent "against"; in the Kazakh SSR 29 and 71 percent respectively; in the Ukrainian SSR, 21 and 79 percent; in the Lithuanian SSR, 33 and 67 percent. An interesting contingency occurs during a joint examination of the population's trust in compensation for losses and the attitude toward the implementation of the reform with an orientation toward regions. It can be stated unequivocally that in regions, where the level of trust in state compensation policy is higher, the orientation toward a uniform (that is, for the entire country) approach to the solution of the price problem is also more pronounced. At the same time, in West Siberian, North-Western, Ural, and Moscow regions a certain part of the population is ready to support the reform even with incomplete compensation for losses. The same regions are oriented basically toward a single (statewide) method of its implementation.

We will sum up. Characterizing public opinion concerning the state retail price reform as a whole, first of all, it is necessary to point to the predominance of negativistic aims. At the same time, those polled came

out in favor of statewide and decentralized versions of the reform in an approximately the same proportion. We will stress once again that the practical need for a more in-depth elaboration of the decentralized version follows from this.

People very often connect the possibility of implementing the retail price reform with a real improvement in the state of affairs at the consumer market. A deterioration in this situation inevitably causes a reduction of the share of those who are loyal to this reform. Those polled come out against the armchair versions of its discussion and preparation and for observance of the principles of glasnost and democratism. Socially just mechanisms for implementing the reform should be singled out clearly. Probably, the referendum form would be more suitable for this than another one.

Basically, the population comes out against the leveling principle of implementation of compensation measures ("the same payments for all"). People believe that these measures should be carried out in a differentiated manner—as applied to existing levels of wages and other income. At the same time, wishes, on the one hand, concerning a reduction of prices of industrial goods and, on the other, the strengthening of material support for badly-off families were expressed often.

#### Footnote

1. See, for example: Pavlov, V. S., "Radikalnaya reforma tsenobrazovaniya" [Radical Price Formation Reform], Moscow, 1988, p 94.

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## INTRODUCTION OF NEW TECHNOLOGY

### Basic Principles for Managing Technical Progress Published

18200483

[Editorial Report] EKONOMIKA I ZHIZN No 5 for January 1990 publishes on pages 10 to 11 a 5,800-word document entitled "Basic Principles of the Concept for Improving the Management of Scientific and Technical Progress Under Conditions of Radical Economic Reform." The editorial introduction states that this draft document will be discussed at an all-union scientific-practical conference to take place in Moscow in February. An editorial note following the text states: "The present document will be implemented gradually on the basis of legislation prepared and adopted in accordance with the economic program of the USSR Government."

The document is divided into the following subheadings:

I. Basic Principles for Managing Scientific and Technical Progress under Perestroika.

II. Basic Elements of a New System for Managing Scientific and Technical Progress



1. State Science and Technology Policy
2. Restructuring the Planned Development of Science and Technology
3. The Formation of an Economic Mechanism for Managing Scientific and Technical Progress
4. State Support of Fundamental Research
5. Strengthening Scientific and Technical Potential
6. Improving the Regional Management of S&T Progress
7. Improving International Scientific and Technical Cooperation
8. Legal Support for S&T Progress

## MODELING, ECONOMETRICS, COMPUTERIZATION

### Reporting, Collection of Statistics Under Review

#### Changes Recommended

904 40073A Moscow *EKONOMIKA* 1  
*MATEMATICHESKIYE METODY* in Russian  
No 5, Sep-Oct 89 (submitted 10 May 89) pp 773-781]

[Article by Ye.G. Yasin, Moscow: "Perestroyka and Statistics"; this article is based on papers delivered in a session of the round-table discussion "Perestroyka and Statistics"; the proceedings of the session are published in this same issue (p 908)]

[Text] Perestroyka touches upon all aspects of our life—the economy, the political system, ideology, and culture. It is aimed at the most profound revolutionary transformations, transformations that are expected to give socialism a new form, to accomplish a complete replacement of economic systems, to raise the prosperity of the Soviet people, and to make them free citizens. Perestroyka must also come to the field of statistics.

Something, of course, is already being done. Constructive shifts can be seen in the growing number of publications, in their greater objectivity, and in the bolstering of methodological and analytical work being done by statisticians. The scientific community has been feeling a change in the climate; the previous "hunger rations" of information have increased appreciably. In this connection, we will make special note of the article by M.A. Korolev, former chairman of Goskomstat [1], which, by contrast with previous statements, not only defends the positions of departments, but also engages in a serious discussion of a number of problems.

The gross national product (GNP), the best indicator of economic growth, has begun to be computed; worn-out ideological dogmas have been superseded, dogmas adhered to obstinately by the previous CSA in its insistence on the advantages of the gross social product, which was defined as the sum of indicators of the gross output of sectors and branches, involving immense

double counting. Calculation of the indicator of the net output of the sphere of material production has made it possible to eliminate the influence, which in part was distorting, of redistributive processes taking place through prices and to better estimate the pattern of development of our economy since 1985. Goskomstat has in essence admitted that it did not fully record the hidden inflation that resulted from the "leaching out" of inexpensive products and the discrepancy between the rise of prices and the rate of improvement of product quality.

All of this instills hope. Yet for all that, has the necessary turnabout taken place in the state of our statistics, can we be satisfied with the pace and content of its perestroyka? It does not seem so. This follows even from a comparison of our statistics with what we had earlier, with the statistics of foreign countries, and with that criticism of it which is being heard with increasing frequency today.

It is worth recalling the splendid traditions of Russian statistics. We had high statistical standards. One need only recall the achievements of zemstvo statistics, on which V.I. Lenin placed such a high value, rating it in many respects higher than European statistics (V.I. Lenin, "Poln. sobr. soch.," Vol 5, p 213). It is appropriate to mention that zemstvo statistics existed at that time in addition to government statistics and departmental statistics, which it surpassed in its scientific underpinning and in the quality of data. The writings of A.I. Chuprov and A.A. Chuprov, V.Ye. Varzar, N.A. Kablukov, A.A. Kaufman, Yu.E. Yanson, and others bear witness that statistics in our country was developing in the mainstream and at the level of world statistical science and practice.

The traditions of our statistics were maintained and developed in the twenties. The balance of the national economy for 1923/24, which preceded the building of the intersector balance, was the last word in world statistics. There were great achievements in the statistics of trade cycles, developed by the school of N.A. Kondratyev, and the statistical publications were voluminous. For example, here is the information presented in an issue of the journal *EKONOMICHESKOYE OBOZRENIYE* for May 1926, taken at random: monthly data on the basic indicators of industry, transportation, and trade; the turnover figures for exchanges, trusts, and syndicates; figures on the circulation of money and credit, including the size of the money supply and the issuance of notes; general price indices computed by Gosplan, the All-Russian Soviet of the National Economy and the Conjunction Institute; monthly data on the size of the work force in a breakdown by 16 branches of the state industrial sector, the number of man-days and average earnings per man-day; the all-union budget index and retail prices of the goods included in the budget market basket—as of the 1st day of each month, and so on.

Stalinist methods of management and the administrative-command system inflicted on statistics an immense loss that is difficult to make up. Its functions were

deformed: the objective examination of society, its economy, culture, and social relations, was replaced by the collection of reports for the administrative apparatus and for one-sided propaganda. Glasnost was replaced by secrecy and embellishment of reality. The fine points of methodology became pointless: although the data were accessible only to the leadership, it still was not interested in the methods by which the data were obtained. On the other hand, the specialists who were interested had no access to them.

Statistics was virtually devastated, a majority of its most distinguished representatives were proclaimed to be "wreckers." Stalin referred to the balance of the national economy for 1923/24 as "a numbers game." One can read in a 1938 textbook on the theory of statistics: "By means of statistical manipulations that crumble on first contact with criticism, Kondratyev attempted to prove that the universal crisis of capitalism is no more than a 'slump' of a large cycle" [2, p 35]. In another passage, it says: "In our Soviet statistical practice, the wreckers have worked hard to implant the average geometric index. That index possesses the characteristic that lowers the indicator of the physical volume below the aggregate index and overstates cost indicators. It is clear that this is exactly what they had to do for their wrecking purposes" [2, p 218]. I have learned from personal conversations with Alb. L. Vaynshteyn over many years that he himself was one of these "wreckers."

For a time, statistics was renounced altogether on the grounds that it studied random processes which cannot occur in a planned socialist economy. Extremes like that were later eliminated. But have they not left traces in our statistics to this very day? The tenor of critical articles in the press provides evidence that there is a basis for such judgments.

The well-known article of G. Khanin and V. Selyunin entitled "Tricky Figures" [3] evoked the greatest response. Without sharing the methodological approaches and quantitative estimates of its authors, I believe that many of their reproaches are just. The number of such articles is increasing.

What are the main directions of the criticism? First of all, there is the sparsity of publications, the unnecessary confidentiality of a large amount of data. However, it seems to me, if today we opened all the statistical collections of data we publish for official use, their potential users would experience disappointment. Much of the information they need they would not find there.

Second, the unreliability of the data. Goskomstat representatives resolutely reject this. The most they acknowledge is the figure padding of reports submitted by enterprises, and the blame is put on them rather than on the official statistics.

The most acute problem lies in the indicators of economic growth rates. The official figures are subject to doubt, since they do not take into account the latent rise of prices and other factors. This has resulted in the appearance of estimates of the influence of those factors in [4, 5] and other writings, which have revealed a substantial and unjustified discrepancy in dynamic behavior between value and physical indicators. Even cautious estimates indicate that for many years the growth rates were overstated by 1-2 percent a year, while in machine building and construction the concealed rise of prices was 3-4 percent. The alternative calculations of G. Khanin, based on physical units of measurement and claiming to be not merely an illustration, but even a generalization, cannot be considered altogether methodologically sound. They rest on the incorrect premise that the wealth of society constitutes the sum total of physical objects, whereas in fact its size is the sum total of social use values in terms of the ability of products to meet people's needs. In that context, it is absolutely impermissible to ignore changes in quality, in the technical-and-economic parameters of the product. Incidentally, this does not mean that more optimistic results will be obtained with an improved methodology.

The U.S. CIA, whose authority even Goskomstat allows itself to appeal to at this point, has also made alternative estimates [6]. In broad outlines, this is the procedure that was used. The USSR GNP was determined for 1982 in the established prices by adding the income of the socialized sector and households and also by adding the expenditures of these sectors for the final consumption of goods and services. The actual prices at which the goods and services were sold, taking into account disproportions in our pricing, were corrected by subtracting the turnover tax, by adding subsidies, and by equalizing profitability in prices at the rate of 12 percent of the value of productive capital. The factor cost prices of the base year that were obtained were used for estimates of the GNP and its basic components in subsequent years. The substantial nature of the difference between our comparable prices and the factor cost prices constructed in this way can be seen from the fact that the share of industry in production of the GNP was 50.4 percent in the former prices and only 33.4 percent in the latter: that of construction 6.7 and 8 percent, respectively; and that of agriculture 15.4 and 20.2 percent. The share of consumer goods in the final use of the GNP for 1982 was 41.4 percent in comparable prices and 34.7 percent in factor costs; the share of investments was 27.9 and 31.2 percent, respectively.

Now let us compare the average annual growth rates of the national income according to the official data, the estimates [3], and the CIA. As we see, the CIA figures were more favorable than those in [3]. To be specific, they confirm the rise of the rates in the 8th FYP, in the years of the previous economic reform, and at the same time they are not so favorable for the fifties (see the table).

**Estimates of the Growth of the USSR's National Income  
(Average Annual Rates Over the Period), in percentage**

Year	Official Data	Estimate	
		[3]	CIA
1951-1960	10.3	7.2	5.1
1961-1965	6.5	4.4	4.8
1966-1970	7.8	4.1	5.0
1971-1980	4.3	1.0	2.2
1981-1985	3.6	0.6	1.8

But can the calculations of the CIA be described in favorable terms? They are of interest as rough estimates. It should be noted that the USSR CSA also made similar estimates that adjust for the discrepancy of prices, specifically in order to show the drop in the share of the agricultural sector. But they cannot, of course, be taken as proper measurements simply because of the numerous stipulations and assumptions that are inevitable in such calculations.

But perhaps our official data deserve greater credence? Exactly why do we have to doubt the methodology applied? It is based on the assumption that a complete count of output in current and comparable prices at the enterprise level is better than any estimates, no matter what they are, and the annual updating of products, which makes the use of comparable prices meaningless, can be neglected because of its being so small. But the error is not so small at all. Large errors build up in the total, and over many years a ridiculous pattern of dynamic behavior is shaped, one according to which we should have already surpassed everyone long ago. We do not count deflators. Specialized studies of price indices taking quality into account are rejected on the basis that they give preference to an arbitrary selection of representative products and the use of expert evaluations. The upshot is that we are surely the only large country whose summary data on economic growth are doubted throughout the world and by our own specialists.

The question of which of these estimates is more correct is without meaning. The paradox is that we do not possess trustworthy data describing the development of our country's economy.

Can we put all the blame for this on Goskomstat? Apparently not. It has to rely on an utterly distorted system of prices, one that is practically useless for macroeconomic measurements. Its inherent deformations were even convenient in the recent past, since they made it possible to exaggerate our successes, which was one of the functions of statistics in the administrative-command system. But now something has to be done.

A way out is seen through systematic development of a system of deflators and also price indices adjusted for quality. The reference made that foreign statistics, having encountered great difficulties in this matter, gave up on building indices of the quality of consumer goods is well taken. But such indices are devised for products for production purposes and durable goods.

Finally, we should bear in mind one other circumstance that has substantial importance: for us, with our disproportions in prices, with our internal inconsistency, with our disruptions in the operation of the economic mechanism, this problem does not by any means have the same academic interest that it has in the West. Nor is the quality of consumer goods so frequently an object of unscrupulous manipulations in their context. So that in this area of statistics we ought to be ahead of the Western countries, but we are far behind.

At TsEMI, they have begun to work out a methodology and have performed the first experimental computations for calculation of quality indices using the example of certain electrical equipment products. The results obtained at this point are still insufficient for publication and practical recommendations. But it can be said even now that the use of expert evaluations and creation of an elaborate system of service departments capable of constantly making expert evaluations and summarizing the data obtained, guaranteeing their reliability, is a necessity for calculations of a broad range of price indices adjusted for product quality and usefulness. As for machines and equipment, it inevitably occurs to one that the functions of these service agencies might be performed by branch NII's. But assuming the present organization of management, taking into account their departmental subordination to the ministries which are the producers, one could not in that case count on the objectivity of the expert evaluation. It seems we need either to remove these departments from subordination to branch ministries or change the status of the ministries themselves, which is necessary anyway to overcome departmentalism. Consumer societies might play an important role, above all in the expert evaluation of the quality of consumer goods.

It is clear that Goskomstat itself, relying on the reporting of enterprises, will not be able to solve this problem. But it ought to become the organizer and initiator of such an effort.

We spoke above about the errors related to prices; methodological explanations and justifications can be found for them.

But doubts of another kind arise. For example, in 1986 the growth rate of the national income jumped appreciably, which it was convenient to explain in terms of the successes of acceleration. But is that what actually happened? If you do some digging in the reference materials, it can be shown that there was a particular rise in the growth rate of construction: the volume of construction and installation work was 108 percent as against 101.3 percent in the previous year; the volume of capital investments was 108.3 percent as against 102.9 percent. At the same time, the volume of working capital in physical form in construction dropped from 81 billion rubles in 1985 to 27.3 billion rubles in 1986, and balances of construction's short-term loans also dropped from 110.9 billion to 43.4 billion rubles. All of this according to public figures, from which absolute indicators of unfinished construction disappeared for some



reason. One wonders if a large share of it was not transferred to the balance sheet of customers, so that the indicators of construction and installation work and capital investments absorbed grew quickly, and there was also a rise in the indicator of the national income, which in this case occurred simply because of a change in the method of counting, which was not reported in the press. Is that how it was? But if we have to build conjectures of this kind, this does not strengthen confidence in the official statistics.

There are many doubts about the reliability of figures pertaining to the prosperity of the people. Per capita meat consumption increased from 57.6 to 64.1 kg between 1980 and 1987, a rise of 11 percent. It would seem that that could already be felt. After all, that is approximately the consumption they have in Sweden. It turns out that unlike the rest of the world we count raw fat and second-category edible offals. But how much red meat, and how is it distributed? The methodological discussions as to how correct this approach is and what coefficients should be adopted for conversion are just beginning at this point. For example, is it correct to determine them according to caloric value? After all, then raw fat would have a higher value than tenderloin. Thus, the feeling that the chronic disease, the desire to embellish and play down shortcomings—has not been altogether cured.

Another example. No further back than the summary for 1988 reported as a favorable fact the reduction of the indebtedness of enterprises converted to full cost accounting and self-financing. But on what basis did that occur? Was there a payment of mutual claims at the end of the year, how many debts were written off, and what subsidies were granted? If the reader knew all that, he would hardly be heartened by such successes.

The third direction of the criticism has to do with incompleteness, the low information value and analytical value of the data, the numerous difficulties in making comparisons. A multitude of confirmations of the correctness of such reproaches can be found if one examines the indicators which Goskomstat presents for analyzing the progress of the economic reform. For example, it is asserted that in recent years we have had major achievements in reducing production cost, and this is viewed as evidence of the success of the policy of resource conservation. On what are these conclusions based? On the indicator of the inputs per ruble of marketed output. But after all, this indicator says absolutely nothing about the dynamic behavior of the production cost. It is approximately the same as profitability: it is affected both by prices and by changes in the product mix. Today, it is extremely important to know how these factors in particular affect the growth of the volume of production, profit, and wages.

The conditions in which enterprises found themselves after the Law on the State Enterprise (Association) took effect, in the absence of a perestroika of pricing and financial recovery, allow them to make changes in the product mix, to reduce the output of inexpensive and

unprofitable products, to raise prices and on that basis increase remuneration, without creating the commodity equivalent to cover the money paid out. The growth of personal money income in the country still exceeds the growth of production.

The relation between the rise of labor productivity and the growth of wages is being controlled still more rigidly in order to restrain the growth of income. But this method of control, which is essentially administrative, is surely suppressing incentives for the growth of production and may not restrain the rise of wages at all if it is achieved by raising prices and through changes in the product mix within the limits of the assigned relationship. We do not know whether these factors are important or not.

Statistics is simply not capable of responding to these questions. What is more, it can say nothing about the real dynamic behavior of costs. Why? Because the reporting does not contain this, it is difficult to learn it from direct recordkeeping. At one time, there were reporting forms which did contain the necessary data. There were also methods of analysis that relied on them. But when command planning of the production cost was abolished, we abolished the form, but we did not propose new methods. The most important problem in analysis of the reform remains unsolved.

Today, we are judging the influence of the new economic conditions on the economic relations between producers and consumers from the indicator of fulfillment of delivery obligations. For most sectors and branches, it ranges within the limits of 97-99 percent. Can this be trusted? Only to a small degree. After all, experience in using it indicates that suppliers have a multitude of methods of arriving at a "good" indicator, one of which is to consolidate the categories of deliveries in contracts, to eliminate the lag right at the end of the quarter, and so on. It is no accident that cases are not uncommon in which improvement of this indicator is accompanied by a rise of fines paid for underdelivery.

Meanwhile, the reliability of business relations is one of the main problems. Data on the volume and structure of physical inventories, on their dynamic behavior in a breakdown by enterprises and sectors, and on the composition of sources of working capital might help in analyzing it objectively. All this information still existed fairly recently in nonclassified publications. And it disappeared. Why was that? After all, at this point it cannot be obtained even for official use.

Statisticians are often saying now that they had to reduce reporting, there was sometimes too much of it. But the data we are talking about are contained in bookkeeping balance sheets, which were not reduced. Does that mean that they simply stopped working them up? If that is the case, there is no justification for such a step. Figures on physical inventories, their structure and sources should be published monthly in order to analyze progress of the

reform, since annual results do not make it possible to detect seasonal fluctuations, which are quite important to these indicators.

Another example. The most important question that is now being dealt with without the required basis because of the absence of the necessary statistical information has to do with relations between enterprises and regional administrative authorities in the matter of the development of the social sphere. Today, a sizable share of expenditures for this sphere has been transferred to enterprises, which are financing them out of funds for social development formed as a function of the total amount of profit. They do in fact have greater opportunities to gain access to physical resources. A profound differentiation occurs here between enterprise collectives and the general population with respect to the adequacy of social services, nonproductive fixed capital, a difference that has nothing at all to do with the contribution individual workers make through their work. The best-equipped enterprises realize long-term advantages from the standpoint of attracting manpower. Others are compelled to offset the inadequate development of the social sphere with high wages. The regional authorities "get along on scant rations," and they deal with the problems of developing the social infrastructure with the methods of administrative pressure. Meanwhile, we do not have statistical data for analyzing this problem and to perform the tasks of planning payments for labor resources and other economic regulators. An attempt to obtain information in a breakdown of enterprises by region and oblast concerning the relative supply of fixed capital of their social sphere was unsuccessful.

We should make particular mention of the use of the methods of mathematical statistics in analyzing data. Today, we possess a rich arsenal of these methods, and computers make it possible to use them without taking up too much time. But here again everything is moving slowly. In statistical practice, they are hardly applied at all, and in scientific institutions the opportunity to use them arises only when scientists obtain a sufficiently large volume of data by one method or another, usually at the price of great effort. The reason is that the entire system of state statistics is built on the principle of summarizing data according to the levels of the administrative hierarchy. The higher levels receive summary indicators, but the large amounts of primary reporting remain as a rule at the lower level of the system. Yet it is individual data sets for enterprises, farms, and families that it is possible to apply the methods of statistical mathematics, and it is only on their basis that the interrelationships of economic phenomena can be analyzed and quantitatively evaluated.

In Poland, for example, they publish the most important indicators for the 500 largest industrial enterprises. If we had easy access to large volumes of data, the use of mathematical methods would undoubtedly move forward rapidly.

There are also a great number of chronic shortcomings in the system of statistical indicators as it now exists. We

have started to compute the GNP, that is fine. But we are continuing to calculate the gross social product, an indicator that is not very useful, summarizing gross turnover in agriculture, gross output by the plant method in industry, and so on. Measuring labor productivity in terms of commodity output or NChP yields distorted results and eliminates the possibility of comparing enterprises and branches. The indicators now calculated serve as a criterion for limiting the growth of remuneration, undermining or distorting economic incentives. The time came long ago to make the transition to the indicator of final (adjusted net) output—which is analogous to the indicator of the value of added processing used abroad.

It is worth saying something about its advantages, since the question of the transition to measuring labor productivity with respect to actual net output is now being actively discussed. But this quantity depends on the methods of determining depreciation. If, as is assumed for the 13th FYP, we use the methods of accelerated depreciation, it will turn out that the level of labor productivity is reduced when depreciation is increased as a result. The indicator of final (adjusted net) output is free of this defect. It also needs to be taken into account that it is analogous to the indicator of the GNP with respect to the content of the concept.

For many years now, there have been disputes over statistics related to balances. The entire world is using a very sensible system of national accounts. We continue to adhere to the hopelessly outdated scheme of the retroactive balance of the national economy for 1954, using ideological considerations to justify our conservatism. For many years, however, a Soviet school of national accounts, headed by the distinguished Soviet scientist B.L. Isayev, developed in our country. The developments of this school were never even applied in practice. It is an extreme necessity to revive that work, to call upon very abundant banking information in setting up a system of statistical balances.

We will sum up. Because of the dominance of the administrative-command system and subordination to its requirements, our statistics has been in a miserable situation. In recent decades, there have been no qualitative changes. This might be overlooked, an appeal might be made not to dramatize the situation, but at some point we have to step aside from the topic of the day and look at things soberly, without our customary self-deception. And if we are to change the situation, we have to become aware of the causes that lie behind it.

In our view, these are the causes.

First, the loss to a considerable extent of the spirit of scientific statistical research aimed at reflecting objectively the true state of the subject of observation and the law of its development. According to one American reference work, statistics is defined as "the science of collection, classification, and quantitative evaluation of facts as the basis for conclusions" (emphasis mine—Ye.Ya.). Both collection and processing—all must be

subordinated to the task of correct conclusions. That is the philosophy of statistics, the basis of statistical standards. Our statistics has in large part turned into a bureaucratic function of one of the departments, into the collection and summary of information to meet the needs of the bureaucratic apparatus.

At one time, in the years of the "great turnaround," the thesis was advanced that statistics was dying out and would be replaced by the keeping of records on the national economy. Then it was decided that this was too much, the actual word "statistics" was not cast onto the rubbish heap of bourgeois remnants. But in essence this "revolutionary idea" was still implemented: what we have can rather be referred to precisely as recordkeeping than statistics. It is the keeping of records that is necessary for monitoring fulfillment of planning targets which are binding at each specific enterprise. And it is far less well-adapted to drawing conclusions concerning the patterns inherent in large-scale social phenomena.

Second, the related absolute predominance of reporting as a method of observation. The reporting is built exclusively on data recorded and documented in records; it is oriented above all toward the needs of monitoring. Most of the data, on which records are not kept, is accessible only to specialized statistical surveys, and does not fall within the scope of reporting. The range of specialized surveys set up scientifically, although it has expanded recently, still remains extremely narrow. The population census, family budgets, survey of prices on kolkhoz markets—and that is presumably all, if, of course, we do not count the simultaneous records as this kind of survey. Many of the problems we talked about above are not being solved for precisely this reason.

I am not one to negate reporting. But we cannot hope to have objective data on losses of worktime, on distribution of income in the sphere of the shadow economy, if we rely solely on reporting. Indeed, reported data need knowledgeable verification and enrichment by means of special surveys, censuses, and so on, conducted periodically.

Third, the concentration on the summarizing of reporting for the purposes of monitoring has had the result that statisticians began to avoid profound analysis of problems, approximate and indirect estimates, approximate calculations, whereby they would assume responsibility and authorship, but without this there is no real statistics.

Fourth, centralization has not been good for our statistics. In his time, Stalin insisted that all data were the same, differing assessments were not permissible: "If you are going to lie, tell the same lie." That is why the functions of collecting and processing statistical data, accepting only certain types of information, were turned over to the CSA. As a consequence, it turned into a departmental monopoly inaccessible to competent oversight from outside, shielded from criticism and competition, free of the need to defend the correctness of the methodological procedures it chose, and also deprived of

incentives for improvement. But at the same time, statistics was also deprived of the helping efforts of thousands of people working in institutes and university departments and in government institutions. Whereas in other countries much scientific research consists of collection and statistical processing of information to solve a particular research problem, in our country most economists and statisticians have not had that kind of opportunity and have been forced to concern themselves with statistics without statistics, sometimes inventing formulas, but never seeing the figures that go into them. Now, the situation is beginning to change, even if slowly. After all, many people have simply lost the taste for working with figures.

What we have said does not exhaust the topic by any means. But perhaps these questions will arouse discussion, will arouse all those disturbed by the state of Soviet statistics to express themselves. The present heads of Goskomstat must not take personally the criticism which has and will be expressed. They took over the operation in a very neglected state, and indeed they themselves, like all of us, grew up in an environment in which a great many intolerable things seemed normal and natural. But now we can and must look at what we are accustomed to with different eyes, see the shortcomings and the lag that had built up, and extricate ourselves from them.

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#### Demand for New Information

904A0073B Moscow *EKONOMIKA* 1  
*MATEMATICHESKIYE METODY* in Russian  
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[Article by I.A. Pogosov, Moscow: "Socioeconomic Transformations and Information"; this article is based on papers delivered in a session of the roundtable discussion "Perestroyka and Statistics"; the proceedings of the session are published in this same issue (p 908)]



[Text] Certain favorable developments took place in the organization of statistical information in the period 1986-1988. This was largely facilitated by the performance of measures carried out in accordance with the decree of the CPSU Central Committee and USSR Council of Ministers entitled "On Measures To Radically Improve Statistics in the Country" (No 822, 17 July 1987). But the work that has been done is only the beginning of the changes that are needed.

The 19th All-Union Party Conference, and then the July (1988) Plenum of the CPSU Central Committee, which analyzed the course of the radical economic reform, set the task of working out measures to speed up the practical application of the new economic methods, linking them to the profound transformations in the political system. What is needed today is to pinpoint, concretize, and pursue the main directions for perestroika of statistics as an integral part of the system of management on the basis of a constructive program for its improvement in conjunction with the reform being carried out in the country and the course being followed toward social reorientation of the economy, a new quality of economic growth, a rise of production efficiency, and restoration of finances to health.

A major improvement is needed in the role of statistics as a tool in international cooperation, and we have to guarantee objective assessment of our country's position in the world, comparability of statistical methodology and of published data, and the requisite glasnost of information. The methodology of statistics that we now have differs essentially from world methodology, and in many cases these differences are not justified. This gets in the way of international relations and is an obstacle to the USSR's active participation in the affairs of the world community. It is not uncommon to lack objective information giving a correct idea of the level of scientific-technical development by comparison with foreign countries.

In the area of improving the statistical analysis of the effectiveness of the measures to restructure management, organizational structures, and the economic mechanism, a fundamentally new approach is being taken to evaluating the economic performance of associations, enterprises, and organizations in the context of the present management context and on the basis of full cost accounting, the new procedure for compiling plans for economic and social development, and a greater role for qualitative indicators. A comparative analysis is being done of different models of cost accounting, of cooperative and leasing forms of economic activity, of the conditions for their effective implementation, of the evolution of the socialist market for machines and equipment, and of the economics of competition. A study needs to be made of the reasons why the wheels of the reform are spinning, and statistical methods are one way in which this should be done.

At the present time, as is well-known, new structural forms of the organization of production, cooperatives, leasing collectives, and so on, are emerging. They operate

in a different social context, and their performance also needs to be analyzed with the methods of statistics: evaluation of their effectiveness and comparison to state enterprises and organizations with respect to prices, costs, and income.

The socioeconomic transformations are mixed; as they resolve contradictions and initiate favorable development trends, they also cause adverse side effects. Here again we need to forecast economic processes.

The next major problem is regional statistics. It is taking on particular importance as republics and regions make the transition to the principles of self-management and self-financing. The tasks now emerging include devising criteria for evaluating the level of economic independence of republics and regions and building a corresponding system of statistical indicators reflecting the formation of income and expenditures in the particular region as well as redistribution of resources from one republic or region to another.

Research needs to be set up into the economic foundations of interethnic relations and the diverse connections among the union republics and regions, and a regional statistical service has to be created.

For analytical purposes, we need calculations of the economic turnover (imports and exports) between republics, oblasts, and economic regions as a reflection of the process of the social division of labor within the framework of the national economic complex and also in order to evaluate the effectiveness of external trade in a breakdown of the union republics.

The most important tasks of social statistics in the present context are these: description of the process whereby economic perestroika influences final social needs; evaluation of the standard of living of the population in both static and dynamic terms; determination of the degree of the economy's orientation toward the consumer, overcoming the residual principle in financing the social sphere, and accelerating the process of humanization of the economy; and removal of restrictions on social reorientation. The main thing here is to objectively reflect the standard of living of the population of the country as a whole, of various regions, and of population groups and to promptly and fully discover possibilities for raising the prosperity of the people.

The indicators of the subsistence minimum and standard of living, the total volume of consumption of material goods and services, and other social standards, and analysis of the impact of price changes on prosperity must become something fundamentally new for Soviet statistics. Data on these topics have to be worked up for the USSR as a whole and also for the republics, regions, and population groups, and in this effort the methodological principles of international statistical organizations must be observed to the maximum.

In analyzing the level of prosperity, particular attention must be paid to the new statistical methodology for

determining the indices of consumer prices, a methodology that takes international experience into account and makes it possible to measure the dynamic behavior of the cost of living and to estimate the standard of living of the entire population and of its individual groups in a breakdown by social status and income. This in turn requires that methods be developed for studying the ruble's purchasing power.

We have today a refined system of indices of list prices. Many economists criticize it. But this system is necessary, because real prices operate in real life. What is more, an index needs to be constructed on the basis of a market basket of representative commodities reflecting the change of prices that is to some extent independent of the index of list prices and to some degree takes into account the question of quality; and an index of average prices for particular commodity groups that might reflect the influence of both structural and also price factors.

Such a methodology has already been developed during the current year, and test computations will obviously be done. These indices can be used for construction and estimation of global economic indicators at the macroeconomic level—the gross social product, the national income, the gross national product (GNP), they can be used in developing the system of national accounts, and so on.

The problem of price indices for population groups with differing income need to be solved using a "consumer's market basket," and that not only at the union level, but at least in a breakdown by republics and oblasts, since the standard of living differs essentially from one to the other.

Construction of indices of prices and rate schedules for consumer goods and services and products for production and technical purposes, indices of purchase prices, and also deflators will make it possible to deepen our knowledge of the movement of prices and inflationary processes. Inflationary trends at a time when prices of the principal goods remain unchanged are manifested not only in the rise of prices, but also in the fact that the amount of money in circulation exceeds the commodity coverage by more than is justified. This results in aggravation of the problem of shortages, inexpensive goods are "leached" out of the product mix, hidden price increases occur, individuals hoard money, and there are other adverse consequences. The problems of inflation and of the circulation of money are now moving into the foreground.

The degree of observance of the socialist principle of remuneration according to level, the level of satisfaction of the demand of the population for goods and services, the state of the housing supply, creation of an up-to-date and highly developed sphere for providing social and cultural services, activation of the human factor, and improvement of the way of life are in need of statistical analysis.

Employment and job placement are the next group of problems. Our country has reached a stage where the

growth of employment in the sphere of material production must be halted. Workers will obviously begin to be released from the traditional sectors of the economy, retrained, and placed in new jobs. Differences in the demographic situation in the country's various regions will also have to be taken into account in this connection. There is one situation in the European part of the RSFSR and another situation in the Transcaucasus and Central Asia.

It is important here to compare the number of job vacancies with the supply of manpower. But what is to be considered a job slot? A certain amount of equipment has been installed at any industrial enterprise. This does not mean that the number of job slots is equal to the number of people who could be placed at the machines on one shift. And if the enterprise is operating on two or three shifts? One thing is clear: the number of job slots is arrived at in view of the actual economic situation in the particular branch or sector, the state of raw material supply, the sales market, and production efficiency.

There are many unsolved problems in the area of studying the intensification and rise in the efficiency of social production on the basis of scientific-technical progress. Statistical analysis of the new quality of economic growth requires that the trajectory of the country's socioeconomic development be examined from the positions of social needs and the goals of a socialist society, that the optimum combination of current, medium-term, and long-range tasks, the relation between consumption and accumulation, and between intermediate consumption and final results be determined, and that the degree of this growth on the basis of intensification of scientific-technical progress be estimated. Investigation of efficiency and intensification presupposes evaluation of the effectiveness of production in the country as a whole, the various regions, and at various levels of management of the economy.

A more thorough analysis needs to be made of the proportions and qualitative level of the national wealth of the production potential and scientific-technical potential, and of the utilization of natural, physical, and labor resources, and a study needs to be made of the quality and interaction of production factors and the results of production, a comprehensive study needs to be made of labor productivity, performance of the program for resource conservation in a breakdown by sectors and regions, and of the role of intensive factors of economic growth in various historical stages of development.

One item on the agenda is solid improvement of information concerning scientific-technical progress in the economy and its sectors—the scientific potential, technical reconstruction, the volume of production and the volume of application of new equipment and technology, product quality, and the product's correspondence to the world level. We need to know the state of affairs along the main lines of scientific-technical progress, what progress is being made in fulfilling the assignments of state target and comprehensive scientific-technical programs and plans for retooling and reconstruction of



production, as well as the effectiveness of developing intersector scientific-technical complexes, basic and applied research, and VUZ and sector science.

There is a growing need for comprehensive analysis of the processes of acceleration of scientific-technical progress and of recommendations for enhancing the role of science and technology in the qualitative transformation of the productive forces and in conversion of the economy to comprehensive intensification, renewal, and retooling of the production potential. In this area we need to make the transition from the study of individual measures to global assessments of the technical level of the productive plant on the basis of specialized inventories.

A reliable system of measurements of the technical level and quality of products produced and of new models of machines and equipment by comparison with domestic and foreign analogs needs to be developed and indicators introduced that will describe the competitiveness, "exportability," and certification of the product. It is obvious that a considerable share of responsibility for solving these problems must be placed on the USSR GKNT, which not only has sector management entities, but also the relevant specialists.

A study has to be made of the age-specific composition of equipment, its rate of change, the growth of equipment retirement, remaining equipment life, computed on the basis of methods similar to those used in demographic statistics, the wear on capital assets, and linkage to these processes of projections for the development of machinebuilding and construction in accordance with cycles of reproduction and retirement times.

The time has come to use indicators of the effectiveness of scientific-technical progress based on the real characteristics of economic development—national income, net output, and—in the cost-accounting context of enterprises—profit.

Balance methods have to be developed for analyzing economic development. Improvement of balance structures is following two interrelated lines: the traditional balance of the national economy and the incorporation of summary indicators, calculated using the UN methodology, into the system of national economic accounting, which is being modernized.

Within the limits of the first direction, a number of new projects has been done or is in the stage of completion to incorporate into statistical practice operational summary information on the country's development (collected at intervals of less than 1 year), the data of regional balance statistics, a differentiated system of indicators of the standard of living, interregional economic turnover, which reflects the increase in the need for this information on the part of central and regional management authorities as well as for a comprehensive analysis of socioeconomic processes in the USSR as a whole and by regions. Calculations of a number of

macroeconomic indicators are being extended to the level of union republics, autonomous republics, krais, and oblasts.

Indicators of interregional economic relations of the republics are being developed on the basis of the intersector balance in the form of input-output tables of the interchange of products among regions, including foreign economic relations. This is making it possible to analyze the supply of resources to regions, to discover their export capabilities, and to follow the flows of imported products.

The second direction aims at using the constructive experience that has been gained in international practice. For instance, the greater attention being paid to the characteristics of the standard of living of the population, reflecting consumption not only of physical goods, but also services, has made it necessary to apply indicators of the performance of enterprises and organizations in the sphere of both physical production and also nonmaterial production, and in this connection the GNP and total personal consumption of material goods and services have become part of the practice of statistics. It is being proposed that the GNP be computed throughout the system, at various levels of management and in a regional breakdown, and in future records would be regularly kept on a number of indicators computed according to UN methodology and methodologically compatible with the GNP.

The analytical capabilities of balance structures are being expanded along both lines. Summary balance tables which reflect in integrated form the conditions and results of the activity of the economy's production and nonproduction spheres should be considered a new approach that is being taken to the respective developments, and indicators of the balance of the national economy are also being linked to the basic sector balances on the one hand and to balances based on the conception of modeling the economy as an integral system of economic units with their interrelations on the other.

It is also a most important task to increase the integrative role of the balance of the national economy by developing and incorporating into it a system of summary indicators reflecting the results of activity of economic entities at all levels of management. An example of this integrative development is the compilation of the retroactive physical-value intersector balance, which makes it possible to obtain systematic information on the structure of production and distribution of products in the economy in value and physical terms simultaneously and to determine the structure of physical production and its optimum proportion in view of society's final needs and capabilities for increasing the level of utilization of production resources on the basis of scientific-technical progress.

There is great topical interest in the balance of enterprise income with the volume of production of machines and

equipment (money resources of enterprises and organizations in the economy with physical resources, and personal income with the production of consumer goods and services).

In the area of financial-and-economic processes, statistical study should above all provide an objective reflection of the state of affairs in the field of finances, the state budget, analysis of centralized and noncentralized sources of financing capital investments, and the relationships among the union, republic, and local budgets.

There are problems to be solved in linking the indicators of the summary financial balance and the balance of financial resources and also in reflecting more fully export-import operations in the summary financial balance (credit relations, settlement for services, etc.). A special place in the study of financial-and-economic processes goes to determination of the dynamic behavior of prices, inflationary processes, and the purchasing power of the ruble.

It is an urgent problem in statistics to study the processes of creating a socialist market with its inherent methods of economic regulation, the development of wholesale trade in machines and equipment in the context of broader direct relations among enterprises, and the rendering of services of material and technical supply and sales to cost-accounting organizations on a commercial basis.

The development of glasnost in the sphere of the economy is being hampered by the restrictions that still apply to the publication of statistical data, much of which is used in foreign practice, in particular in UN publications. The absence of this kind of information is making it difficult to do research in scientific institutions and is evoking reproaches from business circles, and it is giving rise to mistrust of our statistics.

One paramount problem that is arising is that of publishing the indicators of the social sphere (personal money income and expenditures, the amount of money in circulation, changes in accounts in the Savings Bank and cash in the hands of individuals, the subsistence minimum, income by socioeconomic groups, etc.), currency-financial indicators (the balance of payments, the issuing of money and its withdrawal from circulation, calculations of the purchasing power of the ruble against other currencies, and so on), and a number of indicators related to defense expenditures. It should be borne in mind that not all 100 percent of the information will be published: the concept of confidentiality of information exists in all countries (to be specific, it applies to the most recent technologies and developments, secrets on bank balances, data on budgets of individual families, and so on).

In recent years, a great deal has been done in the publication of statistical data—statistical handbooks have been published, specifically on industry, labor, capital construction, agriculture, social development, etc. Much more extensive publishing is being done in periodicals.

As already noted, management of the economy and the social sphere requires regular performance of international comparisons—economic and social, scientific-technical, and currency-financial operations. Economic comparisons are called upon to provide an objective assessment of our country's position in the world, of the level and rates of development of the economy as a whole and of complexes and sectors in a comparison with the economically advanced countries, of structural shifts in the economy occurring through the application of advanced technology and progressive production methods, the reduction of materials intensiveness and the rise of labor productivity.

Social comparisons are aimed at discovering the actual standard of living of the workers of the USSR against the background of the rest of the world, the relative supply of foodstuffs and first necessities, of housing, satisfaction of the need for everyday services, the state of education, health care, recreation, the level of culture, and the quality of life.

International comparisons on scientific-technical progress are needed in order to obtain comparative information on the level of development of national science, on the scale and effectiveness of R&D projects, on the scientific-technical level and rate of renewal of fixed productive capital, on the level of its physical wear and obsolescence, on the process of renewal of the product mix, and on the degree to which product quality meets world standards.

If international currency-and-financial comparisons are to be made, it is necessary to discover the purchasing power of the national currencies and the effectiveness of foreign trade, to determine its influence on creation of the national income, to evaluate the country's creditworthiness and its abilities to extend aid to other states. International comparisons should be done systematically in order to bring the methods customary in Soviet statistics closer to recommendations of the United Nations.

It seems advisable for the USSR to take part in international comparisons which have been organized both by CEMA and also the United Nations: in particular, in order to compare the GNP, personal and community consumption, and capital formation on the basis of detailed national information on expenditures (including defense expenditures), and the foreign trade balance in domestic prices.

Comprehensive comparison of technical-and-economic parameters of products is the task of sector ministries, associations, and enterprises. Data banks on generations of technology should be created in entities for sector management and the USSR GKNT for purposes of comparative analysis of the development of sectors on the basis of technical-and-economic indicators of costs and results and product quality and competitiveness. These problems will become more acute as joint enterprises are organized, as export-import operations develop, and as excessive economic protectionism is given up.

USSR Goskomstat needs to substantially enrich its fund of reference information with a view to its embracing the most important aspects of the world economy, supporting diverse international comparisons and making it possible to conduct a statistical analysis of trends in the development of the world economy, the change in the balance of power in the world arena, to study domestic processes in the economy of the United States and Japan and other advanced and developing countries.

All that we have said does not, of course, cover a full list of the problems facing the components of the state statistical service. In conclusion, we would like to emphasize that the production capacity and scientific potential of any organization, including USSR Goskomstat, have certain limits. What is more, there are banking, financial, judicial, medical, and many other fields of statistics. In the economics field, there are the staffs of numerous general-economic and sectoral scientific research institutes, which cannot only use statistical data, but also make statistics richer for their own developments.

It seems advisable for academy economics institutes to produce and publish the results of alternative statistical studies. Comparing them to the material of USSR Goskomstat will facilitate a more serious study of socioeconomic phenomena and the profound processes of the reproduction and of the economy's efficiency. Unfortunately, neither the AUCCTU, nor Goskomtrud, nor institutes of the USSR Academy of Sciences concerned with this problem area are conducting independent research, nor are they presenting alternative estimates in the field of the standard of living and its dynamic behavior, although they have had interesting results in certain areas.

It is obvious that a consolidation of efforts, coordination of scientific developments and statistical research, would facilitate a flowering of economic science and statistics.

#### Calculating Growth Rates, National Income

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[Article by G.N. Zoteyev, Moscow: "Principles for Perestroika of the Statistics of the National Income of the USSR"]

[Text] The national income produced is the indicator accepted in the statistical and planning practice of the USSR as the main aggregate (summary) measure of annual and quarterly results of the development of material production. It is the basis for calculating rates of economic growth, the level and dynamic behavior of national economic efficiency (productivity of social labor, energy and metals intensiveness, the output-capital ratio), as well as for international economic comparisons.

In 1987, USSR Goskomstat, for the first time in the history of official statistics, used UN methodology to

estimate the gross national product (GNP) in prices actually in effect and the growth rate for the period 1980-1987. Three summary indicators were used to express the overall results of economic development of the USSR in 1988: the national income produced (PND), the GNP, and the net material product (ChMP). The latter differs from the PND by the size of the net result of the turnover tax and income from foreign trade (in domestic prices).

High stable growth rates of an economy indicate as a rule efficient economic activity and proportional reproduction, which in turn signifies that state economic and financial policy has been correctly chosen. Conversely, declining growth rates, their low level (within the limits of 1-2 percent per year) over an extended time interval, and sharp annual fluctuations—all of this reflects an accumulation of problems and contradictions in reproduction, a weakness or even erroneousness of economic policy, and the conservatism and archaism of the country's present economic order.

The health and prosperity of an economy cannot, of course, be judged solely from the rates of economic growth. Even if they are high and formally stable, behind them there may be mismanagement and wastefulness, low quality of goods and services, an inefficient growth of stocks, the noncompetitiveness of domestic commodities on the world market, and a backward structure of industrial production. Growth rates are only a kind of global economic thermometer that measures the temperature of the economy, but does not explain the true state of the nation's economic health. Fluctuations and deviations of rates from the "normal" level are the first sign that the economy is ailing, and they may indicate serious disease. In this case, it can be said that the dynamic behavior of the rates characterizes the symptoms of the state, not its causes.

These are the circumstances that account for the intense interest which the top party and government officials of all countries turn to the analysis of the rates of economic growth and the factors involved in forming them. The particular political-economic significance of such summary indicators as the GNP, the PND, and the ChMP require that the methodology of their computation be scientifically sound, open to public scrutiny, and statistically reliable so as to preclude possible distortions and ambiguities and to guarantee that these indicators reflect with maximum objectivity the real state of affairs and trends in the national economy.

However, analysis of macroeconomic measurements in the USSR has been discovering major errors and problems in computation of the national income, errors rooted on the one hand in the backwardness of methods used in preparing the retroactive balance of the economy and on the other in the deficiencies of domestic pricing and the shortcomings of the financial system. The impact of the latter group of factors distorted the overall growth rates of the Soviet economy in the seventies and 1st half of the eighties, when because of the increased sales of alcoholic products and the jump in world energy



prices the stagnant conditions in the economy were made to look better by the formally stable growth rates of the PND.

One of the reasons why in the years of the stagnation our official statistics was unable to register in time the growing difficulties in the process of reproduction and to define the unhealthy financial aspects of economic growth lay in the defects of the scientific methodology of the country's accounting and in the low level of competence of statisticians and economists, whose thinking was burdened with the dogmatic principles of the past.

There is a sufficiency of evidence and facts that confirm that because of its generalized and national economic nature, the PND was the indicator most vulnerable to the intentional distortions from the thirties through the fifties. No appreciable improvements took place in the statistics of the national income of the USSR in the period between 1965 and 1985 either. Even in the era of perestroika and glasnost the situation still remains unsatisfactory.

It is not possible within the limits of a single article to analyze all the problems of the balance of the national economy and in the measurement of the dynamic behavior and structure of the national income. We will examine only the most urgent problems in this area, approaches to solving them, and also alternative macroeconomic estimates of rates of economic growth over the period 1960-1988. The purpose of the latter is to promote a businesslike and practical discussion of these matters.

### 1. Basic Problems in Measuring the Growth Rates of the National Income

The restructuring of record keeping of the PND should be viewed in the same context as statistical measurement of other very important characteristics—wholesale and retail price indices, indicators of employment and time worked, capital investments, the movement of fixed and working capital, the growth of personal incomes and consumption, and so on. But because the national income (and indicators like it) is primary and is the source for other elements of the balance of the national economy, statisticians and economists are forced to concentrate their first efforts on finding a solution to the problems of objective measurement of the end results of social production.

The principles for perestroika of national income statistics must be formed not with a theoretical brainstorm, on the basis of abstract and a priori notions of political economy, but on the basis of an analysis of the specific and real statistical problems that reflect the confusion and muddle that accumulated over decades and prevailed when the retroactive balance of the economy was shaped.

The first and probably main problem in measuring the growth rates of the national income is the absence in state statistics of an elaborate and sound system of price indices adapted to deflating aggregate value indicators

(industrial output, the volume of sales, construction, and foreign trade in domestic prices). And this in turn gives rise to an understatement of inflationary tendencies and consequently overstated estimates of the growth rate of the national income.

As is well-known, the PND is the sum of the net output of the branches of material production and of revenues from foreign trade (in domestic prices), and the net output in each branch is the difference between gross output and material cost (including depreciation of fixed productive capital (OPF)). This relationship is described by a balance equation in the form

$X_i - Z_i = Y_i$ , (1) in which  $X$ —gross output;  $Z$ —current material costs (including depreciation);  $Y$ —net output;  $i$ —the branch.

In actual prices, this equality is statistically verified by the independent recording of each of the flows, since there exist three types of independent statistics: output, production cost and expenditures, and primary revenues. The net output of each branch can be calculated by two independent methods: the production method (as the difference between gross output and material costs) and the distributive method (as the sum of primary revenues earned by the branch or imputed to it). The balance equation is therefore a means of self-verification of the PND calculated in actual prices as the sum total of the net output of the branches of material production.

Conversion of net output from these prices to the permanent prices of the year taken as the base year must be based on two types of price indices—one for output and another for material costs, i.e., by the method of double deflation.

This is the essence of it: First gross output and then material costs are converted from current prices to constant prices, and then the physical volume of net output is determined by subtracting the sum total of material costs from the physical volume of output.

Consequently, net output in constant prices can be calculated only by the production method. Its verification at the level of each branch was not possible, since there was no alternative for verification (as in the case with net output in actual prices). Statisticians preferred a specialized method, which, however, could not be applied to the branch, but it did make it possible to verify the calculations of the PND performed for the economy as a whole by means of alternative calculations of it in the stage of final use. A balance equation of this type is used for that purpose

$$Y_p = \sum_i Y_i = Y_c + L + C + A + L, \quad (2)$$

in which  $Y_p$ —the PND;  $Y_i$ —the net output of the branch;  $Y_c$ —the national income used for consumption and accumulation;  $L$ —reimbursement of losses and the foreign trade balance;  $C$  and  $A$ —consumption and accumulation in the national income.

But in concrete statistical practice equation (2) is observed only in actual prices.

Instead of explaining the true causes of the differing dynamic behavior of the national income produced and the national income used (IND), USSR Goskomstat resorted to an interesting commentary on the allegedly differing physical composition of the national income in the stages of production and final use. However, in order to explain why the dynamic behavior of the PND and IND is different in constant prices, we have to determine the following within the framework of three possible hypotheses: a) that the growth rates of the PND are overstated, and if so, seek the specific reasons for the overstatement of the rate of branch indicators of net output; b) that the growth rates of the IND are overstated, and if so, seek the specific reasons why the dynamic behavior of the individual elements of consumption and accumulation is understated; c) that there is a combination of both.

In our opinion, excessively high estimates of the growth rates of the gross output of industry in comparable prices made the greatest "contribution" to the difference by which the growth rate of the PND exceeded the IND. To be convinced of this, one need only compare the growth rates of industrial output in actual and so-called comparable prices (see Table 1). As a consequence, we can observe an annual "reduction" of the level of wholesale prices, which was the hidden source of the index for the entire industrial sector calculated by USSR Goskomstat.

**Table 1.**  
**Comparison of Annual Rates of Gross Industrial Output in Actual and Comparable Prices, in Percentage of the Previous Year\***

Year	Prices		Annual Reduction (-) or Rise (+) of Average Level of Wholesale Prices of Enterprises (3) = (1) - (2)
	Actual (1)	Comparable (2)	
1970	8.5	8.5	0.0
1971	5.7	7.7	-2.0
1972	6.1	6.5	-0.4
1973	6.5	7.5	-1.0
1974	7.2	8.0	-0.8
1975	6.6	7.5	-0.9
1976	3.3	4.8	-1.5
1977	4.9	5.7	-0.8
1978	4.3	4.8	-0.5
1979	3.0	3.4	-0.4
1980	3.6	3.6	0.0
1981	3.1	3.4	-0.3
1982	13.6	2.9	+10.7
1983	4.1	4.2	-0.1
1984	3.7	4.1	-0.4
1985	3.2	3.9	-0.7

**Table 1.**  
**Comparison of Annual Rates of Gross Industrial Output in Actual and Comparable Prices, in Percentage of the Previous Year\* (Continued)**

Year	Prices		Annual Reduction (-) or Rise (+) of Average Level of Wholesale Prices of Enterprises (3) = (1) - (2)
	Actual (1)	Comparable (2)	
1986	4.0	4.9	-0.9
1987	3.1	3.9	-0.8
1988	3.4	3.9	-0.5

\* Calculated from [1, p 169; 2, p 120; 3, p 123; 4, p 93; 5, pp 59, 126; 6, p 57; 7, p 6; 8].

If industrial production in comparable prices grows faster than in current prices, this signifies a drop in prices. As is evident from Table 1, with the exception of 1982, when there was a large-scale rise in wholesale prices of the products of fuel and raw materials branches and other branches of industry, according to the calculations of USSR Goskomstat there was a regular drop every year in wholesale prices of enterprises accompanied by a growing shortage of industrial products both for production and technical purposes and also for purposes of consumption. It is clear that under the conditions of the growing disproportions and shortages prices cannot drop, and consequently the estimates of USSR Goskomstat of the indices of the growth of industrial production not only did not take into account the inflation component, but they originated from the absurd assertion, not stated publicly, that the overall level of wholesale prices of enterprises in our country is dropping regularly.

Did USSR Goskomstat have doubts about the correctness and soundness of the methodology adopted for calculating the index of industrial production? An analysis of the brief methodological clarifications pertaining to the various statistical indicators given in the yearbooks "Narodnoye khozyaystvo SSSR" [National Economy of the USSR] shows that such doubts probably do exist, but they still have not been accompanied by any practical improvements.

A second major problem is use of the annual index method of joining together lengthy series of the PND. Over the period 1958-1988, the following were taken as the bases of comparable prices in calculating the indices (base and chain) of growth of the PND: 1958 prices for the period 1958-1965, 1965 prices for the period 1966-1975, 1973 prices for the period 1976-1985, and 1983 prices beginning in 1986. This means that the shares of the sectors of the economy in creating the national income were not constant over the entire period 1958-1988, and, strictly speaking, the growth rates grouped by 5-year periods are not comparable with one another.

However, one of the most important statistical laws backed up by theoretical evidence and empirical confirmation is the reduction of calculated indices as conversion is made to comparable prices of later years. A

mechanical joining together of series by the index method that ignores this law places comparisons of past and present growth rates of the national income in

unequal conditions. The experimental computations (in average annual growth rates, in percentage) given in Table 2 provide evidence of this.

**Table 2.**  
**Average Annual Growth Rates of the PND Calculated on the Basis**  
**of Variable and Constant Weights [5, p 51; 2, p 37; 6, p 17; 8; 9]**

Years	National Income Produced (Official Index of USSR Goskomstat, Based on Variable Weights Assigned to Shares of Sectors)	Calculated Index of Growth of National Income Produced, Based on 1986 Weights
1953-1960	9.9	7.8
1961-1965	6.5	4.9
1966-1970	7.8	6.9
1971-1975	5.7	4.3
1976-1980	4.3	4.0
1981-1985	3.6	3.4
1986-1988	3.6	3.6

In both versions of the growth of the aggregate indicator of the national income, one and the same dynamic behavior of the physical volume of net output of five spheres of the national economy for which indices are published (industry, construction, agriculture, transportation and communication, trade, procurements, and material and technical supply, and other branches of material production) was used. The diversity of the growth rates is rooted in the system of weights, i.e., the shares of the sectors in creating the national income relative to the base year that were adopted.

Conversion to 1983 comparable prices from 1973 comparable prices increased the share of agriculture and reduced the share of industry in the PND. Since the growth of the net output of agriculture lags considerably behind that of industry, an increase in the share of the former, other things being equal, brings about a corresponding reduction of the total growth rate of the PND.

The problem of weights in calculating aggregate macroeconomic indicators is not simply a problem in methods of statistical recordkeeping: behind it stand real contradictions of the national economy and economic policy. It is no accident that most agricultural economists have disputed and continue to dispute calculations of the share of agriculture in creating the PND. In doing so, they appeal to the so-called deviation of the actual level of prices of agricultural products (downward) from the level of their value, arguing that in estimating that share it is necessary to take into account that portion of the turnover tax which is collected when the goods of light

industry and the food industry are sold. Recognition of the overstated share of industry and the understated share of agriculture in the PND occurred in general form all the way up until 1979 in the note to the table "National Income by Sectors of the Economy," which has been regularly published by USSR Goskomstat in the yearbook "Narodnoye khozyaystvo SSSR."

Calculations of USSR Goskomstat showing a higher share of agriculture in the PND appeared in the yearbooks for 1980-1983. They are based on distribution of the total amount of the ChMP (in actual prices) among the branches of material production in proportion to remuneration of labor. The contribution of the sectors to creation of the national income was thereby converted in the practice of state statistics so as to reflect more correctly the proportions in distribution of the primary factors of production among the spheres of the economy and so as to even out some of the distorting influence of the existing price levels.

The third problem is confusion of the conception of the product and income, a complete denial of the excise nature of the turnover tax and revenues from foreign trade, the absence of official recordkeeping of macroeconomic indicators in producer prices. In our opinion, the measurement methodology adopted in the balance of the national economy erroneously refers to the ChMP as the national income produced. Appropriate economic definitions have to be given to those statistical indicators which are calculated within the framework of the balance of the national economy, and their logical collateral subordination discovered. The latter can be represented by the diagram below:

Accepted Definitions	New Definitions
1. Gross social product, X	1. Gross value of material goods and material services, (X)
2. Final social product, Y'	2. Gross material product produced, (Y')
3. National income produced, Y	3. Net material product produced, (Y)
4. Net material product of the branches of the production sphere, D	4. National income produced of the sphere of material production, D

For convenience's sake, we will introduce additional notation:  $Z'$ —current material costs in the branches of the production sphere (not including depreciation of fixed productive capital);  $A_m$ —depreciation of fixed productive capital;  $T$ —turnover tax;  $F$ —income from foreign trade (in domestic prices);  $S$ —subsidies to the branches of material production. The basic balance equations describing the interrelationships of macroeconomic indicators take the form

$Y' = X - Z$ , (3) i.e., the difference between the gross value of material goods and material services on the one hand and current material costs on the other is equal to the size of the gross material product produced (in the generally accepted terminology—adjusted net output);

$Y = Y' - A_m$ , (4) i.e., the ChMP is the difference between the gross material product and depreciation of fixed productive capital (in the generally accepted terminology—the PND);

$D = Y - T - F + S$ , (5) i.e., the PND of the sphere of material production is the difference between the ChMP and the net size of indirect taxes and subsidies (by

indirect taxes we mean the sum of the turnover tax and the income from foreign trade).

The national income breaks down into the primary income of enterprises and organizations in the sphere of material production (wages, other payments of similar type, social insurance deductions, the profit from sales, other elements of net income, the net income of kolkhozes, income in kind from private farming, and so on).

Assuming that the national income's financial situation is in balance, that there are no major price deficiencies, and the burden of subsidies is negligible, when deductions for depreciation perform the functions of recording the real wear of fixed capital and do not figure as a kind of "vacuum cleaner" for the destructive financing of "prestigious" investment projects, computation of the growth rates of all these macroeconomic indicators will yield approximately the same results. This confirms the proportional course of reproduction and indicates that a certain harmony is being observed in the interrelationships of the macroeconomic characteristics of economic growth.

Table 3 gives the most important indicators of the U.S. economy.

Table 3. Principal Indicators of the U.S. Economy (in Actual Prices, in Percentage) [10, p 332]

Indicators	Years			
	1929	1947	1973	1987
Gross national product	100.0	100.0	100.0	100.0
Net national product	90.5	92.5	91.3	89.4
National income	81.5	83.6	82.6	81.3

If we take the GNP of the United States as 100 percent, then the net national product would be approximately 90 percent, about 10 percent would be depreciation of fixed capital, and barely more than 80 percent would be the PND (including the amount created in the service sectors). Thus, less than 10 percent of the GNP goes for indirect taxes and subsidies (the total net result).

The fourth problem is the unceasing flow of vigorous criticism from Western economists concerning the method of computing the national income in our country, the emergence in the early eighties of well-argued alternative estimates of the growth rates of the GNP in the USSR, which beginning in 1950 were based on calculations of the U.S. CIA. These estimates (see Table 4) contrast sharply with the official calculations of USSR Goskomstat (in average annual growth rates, in percentage).

Table 4. Alternative Estimates of the Growth of the USSR's GNP [6, pp 8, 15; 8; 10, p 434]

Years	CIA	USSR Goskomstat	
	Gross National Product	National Income	Gross National Product
1961-1965	4.8	6.5	—
1966-1970	5.0	7.8	—
1971-1975	3.1	5.7	—
1976-1982	2.1	4.1	—
1983	3.3	4.2	—
1984	1.4	2.9	—
1985	0.8	3.5	—
1986	3.9	4.1	5.0
1987	0.7	2.3	2.9
1988	2.0	4.4	5.0



In the fifties and sixties, Western criticism of our system of the balance of the national economy still came from individual scientists and was a preserve of the private research of individual sovietologists, but in 1980 it took on the status of U.S. Government policy—the data published by USSR Goskomstat on the growth rates of the national income were refuted as thoroughly as possible. The aim was clear—to discredit the Soviet economic system as being incapable of guaranteeing dynamic economic development.

At that same time, the task of USSR Goskomstat of defending its calculations with strong arguments became more complicated. Its customary references to the difference in methodologies in comparison of national accounts no longer explained anything. Sound clarifications and evidence are needed.

The list we have given of problems in measuring the national income of the USSR does not, of course, cover their entire diverse range, but is limited only to those for

which there exists clarity as to the procedure or at least general principles of a solution.

## 2. General Principles for Perestroika of the Statistics on National Income of the USSR

The most vulnerable place in constructing the traditional balance of the social product and the national income lies in the restricted treatment of the boundaries of production, their reduction to the production of only material goods and services. As a consequence, the indicator of the national income includes and measures only a part (even though the predominant part) of the nation's economic activity.

The principle of the greatest coverage of the end results requires renouncement of the indicator of the national income in the system of the balance of the national economy and the transition to the GNP as the principal indicator of economic growth. The latter's advantage is that it reflects more fully the scale of material and financial resources for the year. This can be judged on the basis of the calculations given in Table 5.

**Table 5. Relationship Between the GNP and the PND of the USSR in Actual Prices, Billions of Rubles [6, p 14; 10-12]**

Year	Gross National Product*	National Income Produced	Ratio of National Income Produced to the Gross National Product, in Percentage
1950	(94.4)	74.0	78.4
1960	(181.7)	145.0	79.8
1970	(375.5)	289.9	77.2
1980	(638.2)	462.2	72.4
1988	866 (895.7)	625.0	69.8

\* In parentheses—the author's calculations.

The discrepancy between the quantities of the GNP and the PND is explained by depreciation of fixed productive capital and the difference between the low estimate of the services of the nonproduction sphere and their full value. From the standpoint of determining the current resources of society, the GNP embraces most fully the annual results of the country's economic activity, since it describes the movement of both material production and also the social and cultural sphere, and it also includes depreciation—the most important financial source of capital investments.

The transition to broader treatment of the end results of production as a flow of final goods and services (material and nonmaterial) on the basis of the GNP requires that solutions be found to three problems that arise in this connection.

First, it is very difficult in the practice of statistics to separate the final expenditures of the state from intermediate expenditures. The experience of the Western countries shows that their system of national accounts usually views all government expenditures as elements of the final output of goods and services, and that is why they are included in the GNP. In the USSR, the scale of government expenditures is far greater than in the West

because of the centrally planned economic system. It is quite likely that some part of these expenditures is intermediate in their economic nature and should not be included in the GNP. We might refer, for example, to the inclusion of outlays for R&D in the GNP. In the United States, most of these expenditures are financed by private business, and these outlays are included in intermediate expenditures, and consequently do not become part of the GNP. It includes only those expenditures for R&D which are financed by the government. But in the USSR the bulk of these expenditures constitutes expenditures of the state, and their full inclusion in the GNP could yield an exaggerated idea of the share of outlays for science as compared to the American share.

Second, the transition to the conception of the GNP demands an answer to the question of whether or not to include the scale and structure of the so-called shadow economy in official national accounting. The existence of the "shadow" economy is obvious, and its impact on the economy has grown so much in recent years that it must become the subject of statistical measurements,<sup>1</sup> especially in view of the high mobility of the boundaries of legal and illegal economic activity. Whereas yesterday private medical practice, tutoring, carting in private



vehicles, the renting out of government housing, apartment repairs, and so on, were considered a manifestation of the mercenary aspirations of citizens and were punished by the laws of society, today they have largely been legalized and recognized to be useful to society.

Third, the conception of the GNP uses extensively what is called the method of imputation, i.e., of a conventional calculation of the scale of those forms of economic activity which are not mediated through money relations. In the balance of the national economy, this pertains to the physical consumption of the products of the private farming of individuals, which is included in calculations of personal consumption within the IND. In calculations of the indicators of the GNP, a particular difficulty arises as to the method of estimating the assumed rent for housing which is privately owned.

The principle of consistency between statistics and political economy requires that the transition from the restricted conception of the national income to the broader treatment of the GNP be accompanied by recognition of the theoretical unsoundness of dividing social production and labor into productive and nonproductive. The problem of including the entire range of net services in the accounting of the GNP is not strictly a problem of statistical method. It touches upon a broad spectrum of established dogmas of political economy (socially necessary expenditures of labor and value; the nature of labor, which creates value, and the interaction of the factors of production that take part in its distribution; property, capital, and profit; manpower and wages; factor prices and market prices, and so on).

An analysis of all these problems demonstrates that here we are beginning to see the outlines of the fundamental questions of the Marxist labor theory of value and the Western theory of the factors of production, and consequently, of the monism of political economy, and politics. So, the transition to computing the indicators of the system of national accounts is not just a single action as to method in which one class of statistical measurements (the balance of the national economy) is replaced by another class (the system of national accounts), but the replacement of an economic world outlook, or the logically uncontradictory reconciliation of differing conceptions. It is for these reasons that we need to do thorough work on the political-economic nature and content of the GNP as an indicator, to build a new theoretical model of simple and expanded reproduction, to remove the contradictions between the world-outlook and economic conceptions of value and utility, and to frankly admit that many fundamental dogmas of political economy are unsound.

The systems principle requires that economic analysis and forecasting operate not as a single indicator of economic growth, but as a system of indicators, including the factors of production. Their collateral subordination must correspond to the general logic of the process of reproduction and must serve the needs of macroeconomic policy. From the practical point of view, this means simultaneous and parallel evaluation of the

indicator of the GNP in the stages of its production, distribution, and final use, whereas even in actual prices calculations of the indicator of the national income produced, the national income distributed, and the national income used are not in our country made independently, but are mechanically attached to the main method of estimate—the production method. It is no accident that Soviet statistics lacks an element such as "statistical error," which in the system of national accounts reflects the measure of divergence of one and the same indicator that has been calculated by three methods independent of one another (the production method, the distribution method, and the method of final utilization).

The principle that reproduction in value terms and physical terms should agree, that is applied in estimating the GNP, assumes complete rejection of the practice of anonymous and artificial methods of converting output from current prices to constant prices on the basis of what is referred to as complete recordkeeping, and demands a proper development of the statistics of deflators.

One of the main defects in the measurement of the national income of the USSR is the utter facelessness which arises when conversion is made from physical indicators of production to their aggregate summarizations in value terms, which are computed in comparable prices (gross industrial output, sales, and capital investments). In the system of national accounts, the general logic of computation is built up on the basis of a clear scheme that reflects the laws of a market economy—from the total value of the final output of goods and services, by way of price indices, to the aggregate use value, i.e., the physical volume of the GNP. In the system of the balance of the national economy, which meets the needs of the command-administrative system, the logic is "topsy-turvy"—from physical indicators of production by means of what are called comparable prices and have been constructed artificially to an estimate of the physical volume of the national income. So, in essence, there is no need for indices of wholesale prices of products for production and technical purposes and price indices for consumer goods and services.

In accordance with the methodology of USSR Goskomstat, calculations of the dynamic behavior of the physical volume of output are made by the method of complete recordkeeping (there are, of course, exceptions to this rule: for example, the trade on kolkhoz markets). As a result, the USSR in practice does not have a ramified statistical service for observing the movement of prices, and that means that the method of deflation cannot be used. This has come about not so much because domestic statistics is a neglected field as because real market relations were eradicated as a result of the dominance of command-administrative relations in the economy.

The principle of the comparability of indicators of economic growth as to time demands a systematic recounting of retrospective macroeconomic data so as to

take into account the same makeup of the weights that was adopted as the base structure. The present practice in which the transition to the new base of constant prices, and consequently to the new structure of weights, does not involve the recomputation of retrospective dynamic series, precludes the objective comparison of growth rates over lengthy time intervals (10-30 years).

Statistics and the methodology reflected in it are a kind of mirror in which one sees the entire construction of a country's economic order. The formal restructuring of the balance of the national economy, forced upon us regardless of the real direction taken in the evolution of market relations, can only result in a destruction of the "bad" old thing without erecting a "good" new thing. That is why replacement of the system of the balance of the national economy by an elaborate system of national accounts is not a single act of the moment, but a lengthy and gradual process which must advance at the speed with which the command-administrative system is disassembled and the regulated market mechanism is introduced in its place.

### 3. Why Was USSR Goskomstat Forced To Appeal to the CIA Report?

An article of M.A. Korolev, former chairman of Goskomstat (PRAVDA, 30 January 1989), contains criticism of the independent "alternative estimates" (lower than the official ones) of the growth rates of the national income of the USSR and of other summary economic indicators which a number of authors have published in recent years. M.A. Korolev was forced to appeal for a kind of "help" from the U.S. CIA: He devoted nearly 10 percent of a short newspaper article to direct quotation of a report whose cover carried the emblem of an organization famous throughout the world and very far from the interests of sorting out the methodological subtleties of economic statistics. This article, although it seemed to be strictly professional in character, has conceptual importance for the destiny of the perestroika of the Soviet economic system. In a present-day industrial economy, statistics is the eyes and ears of social

consciousness, the only feedback channel that emits signals to government economic policy on what is happening in the depths of the processes of reproduction.

If these signals are false and distorted, if they are bent to the purposes of apology and embellishment, then social consciousness and economic policy become flaccid, inert, and conservative by comparison with economic processes. If the official statistics asserts that prices are not rising, and prosperity is on the rise, this means that the economic system is functioning normally, that economic policy is correct, and consequently that nothing needs to be changed. This is precisely the conclusion that imposes itself after one reads M.A. Korolev's article.

The main line of demarcation between the official and alternative estimates of the rates of economic growth is to be found in the area of calculations of price indices, i.e., of the dynamic behavior of inflationary processes. USSR Goskomstat asserts: "The method of computing price indices corresponds on the whole to international practice and responds to the problem of showing the influence on the general price level of price changes of various goods that have occurred legislatively" [13]. If we concur in this assertion and agree that USSR Goskomstat is correctly estimating the rise of prices, then another question arises: How has official statistics been calculating the drop in their average level?

We will give calculations of the scale of the rise (+) and drop (-) of the average price level which was concealed in the indicators of industrial production and retail sales of state and cooperative trade determined by USSR Goskomstat (see Table 6). First, dynamic series were constructed of the gross output of industry and retail sales in actual prices, and then their annual growth rates were determined in comparable prices. If we multiply the absolute values of the indicators in the base year by the annual growth rates, we obtain values of aggregates in which the influence of prices is equalized. Then, comparing the cumulative totals of the series in current and comparable prices, we attribute their difference to the change in prices.

**Table 6. Calculated Estimate of the Change of the Average Level of Wholesale Prices of Enterprises in the Industrial Sector (on the Basis of Gross Output) and Retail Prices (on the Basis of Sales), Unofficially Envisaged by USSR Goskomstat, Annual Average, in Billions of Rubles\***

Indicators	Years			
	1971-1975	1976-1980	1983-1985	1986-1988
Wholesale prices of enterprises in industry	-14.9	-14.8	-3.35	-23.3
Average annual growth rates of gross output, in percentage	7.45/6.45	4.45/3.8	4.05/3.65	4.2/3.5
Retail prices	-0.04	+3.42	-0.98	-12.8
Average annual growth rates of retail sales, in percentage	6.35/6.25	4.45/5.15	3.65/3.1	5.4/4.15

\*The numerator indicates growth rates on the basis of comparable prices and the denominator on the basis of current prices.

It is easy to detect a certain correlation between the level of "reduction" of prices and the measure by which indicators computed in comparable prices indicate those estimated in current prices. The greatest discrepancy in the dynamic behavior of sales was indicated by USSR

Goskomstat for the period 1986-1988, when growth rates in comparable prices exceeded the growth rates in current prices by 1.25 points. In the view of common economic sense this means that over that period the average level of retail prices dropped annually by 12.8

billion rubles, which is in glaring contradiction to all the facts. After all, it was in the period 1986-1988 that consumer prices showed a manifest tendency to rise, while statistics is asserting exactly the opposite.

If we did not have a weather service and we did not know what the thermometer said, every man would be in a position to figure out whether the weather was changing toward colder or warmer. In the same sense, the intuition of the ordinary consumer suggests that the weather was getting colder in the economy, i.e., prices were rising. But how much? That question cannot be answered correctly if we rely solely on subjective opinions. We need precise factor measurements of price movements in the economy. Unless we solve that problem, we cannot count on setting up a system of national accounts that will really operate.

#### Footnote

1. Home distilling is singled out among the illegal forms of economic activity that make the greatest contribution to the "shadow" economy. According to the calculations of USSR Goskomstat, in 1984 individuals manufactured 160 million decaliters of home distilled products, and in 1987 the figure was 180 million [6, p 422]. If we provisionally take a market price of 10 rubles per liter, that would amount to 18 billion rubles of "output," i.e., more than 2 percent of the GNP.

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## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Ligachev, Other Luminaries At Party School, Vitebsk

#### Meeting At School

904B0067A Moscow SELSKAYA ZHIZN in Russian 1  
Dec 89 p 3

[Article: "Training of Cadres"]

[Text] A course was held at the Institute for Increasing the Training of Administrative Party, Soviet and Ideological Cadres of AON [Academy of Social Sciences at the CPSU Central Committee] for secretaries of communist party central committees of union republics and party kraykoms and obkoms involved in the sphere of agroindustrial relations. Participants studied the urgent problems of perestroyka, especially in the area of agricultural policy. They examined ways to implement political and socio-economic reform at the current stage and to eliminate difficulties in the national economy and dogmatic barriers in actual practice.

A central place was given to party-political support of the fulfillment of the March 1989 CPSU Central Committee Plenum decisions, to increasing the effectiveness of the operation of the agroindustrial complex, to the restructuring of socialist production relations in the village, to the transition to a variety of forms of socialist property and economic methods of management, and to financial and material-technical support of the APK [Agroindustrial Complex]. The ways to solve the country's grain problem, to accelerate the growth of meat resources and other valuable food products, to develop the processing industry for this purpose, to use the potential of cities for technical reequipping and social organization of the agricultural sphere were discussed in detail. The first steps in the direction of converting defense industries and in increasing their contribution to the development of the agroindustrial complex were analyzed.

During the course, the meeting of M. S. Gorbachev, General Secretary of the CPSU Central Committee, with the secretaries of the union republic communist party central committees and of party kraykoms and obkoms, in the party central committee, was devoted to discussing the urgent problems of the party's agricultural policy under contemporary conditions.

Meeting with participants and speaking there were Ye. K. Ligachev, member of the CPSU Central Committee Politburo and secretary of the CPSU Central Committee; A. I. Kulyanov, candidate member of the CPSU Central Committee Politburo and deputy chairman of the USSR Supreme Soviet; G. P. Razumovskiy, candidate member of the CPSU Central Committee Politburo; Ye. S. Stroyev and G. I. Usmanov, secretaries of the CPSU Central Committee; L. I. Abalkin, I. S. Belousov, P. I. Mostovoy, and I. S. Silayev, deputy chairmen of the USSR Council of Ministers; A. S. Kapto, director of the Ideological Department of the CPSU

Central Committee; N. A. Pugin, Minister of USSR Automobile and Agricultural Machine Building; P. S. Fedirko, chairman of the administration of Tsentrosoyuz [Central Union of Consumer Societies]; Yu. A. Borisov, N. V. Krasnoshchekov, M. L. Timoshinin, V. I. Chernovanov and V. I. Poshkus, deputy chairmen of the State Committee of the USSR Council of Ministers for Food and Procurements; A. V. Aleksankin, Chairman of RSFSR Non-Chernozem Gosagroprom [State Agroindustrial Committee]; G. V. Kulik, Chairman of RSFSR Gosagroprom; R. G. Yanovskiy, chancellor of the AON of the CPSU Central Committee and corresponding member of the USSR Academy of Sciences; directors of ministries and departments and of the means of mass communication; scientists and responsible workers of the CPSU Central Committee.

Speeches before participants by Ye. Ye. Sokolov, first secretary of the Belorussian CP Central Committee, A. M. Masaliyev, first secretary of the Kirghiz CP Central Committee, A. F. Ponomarev, first secretary of the Belgorod CPSU obkom, V. M. Volodin, first secretary of the Rostov CPSU obkom, and Ye. D. Pokhitaylo, first secretary of the Omsk CPSU obkom, dealt with specific problems in the work of party committees involving fulfilling the decisions of the March 1989 Plenum of the CPSU Central Committee.

During practical studies listeners became acquainted with the work experience of the party committees of the Latvian SSR and Belgorod, Vitebsk, Kiev, Moscow, Rovno and Ryazan oblasts. There were meetings with directors and specialists, scientists, and workers in new cost-accounting structures, including leasees in scientific-production associations, agricultural firms, kolkhozes and sovkhoses. Questions of restructuring party-political work among the peasantry under contemporary conditions, the implementation of economic reform within the agroindustrial complex, and the improvement of its management under conditions of a transition of labor collectives to cost accounting were examined. A great deal of attention was focused on specialization and concentration of agricultural production, the development of a base for processing, storing and transporting products as well as on questions of the social organization of the modern village. V. V. Grigoryev, first secretary of the Vitebsk obkom of the Belorussian CP, G. I. Revenko, first secretary of the Kiev obkom of the Ukrainian CP, P. K. Prishchep, first secretary of the Rovno obkom of the Ukrainian CP, L. I. Khitrum, first secretary of the Ryazan CPSU obkom and other party, soviet and economic administrators carried on discussions locally directly with participants.

In the course of training, participants visited the USSR VDNKh [Exhibition of Achievements of the National Economy of the USSR] and became acquainted with the results of work carried out in oblasts, krais and republics on increasing the production of food products and of machines and equipment for the processing sphere of the APK and learned about the exhibits of the Prodmash-89 International Exhibition.

### Ligachev Vitebsk Remarks

904B0067B Minsk SELSKAYA GAZETA in Russian 28 Nov 89 p 1

[Article by A. Gladysheva and K. Severinets, BELTA special correspondents: "Foreign Experience—Your Treasure: Ye. K. Ligachev's Visit to Vitebsk Oblast"]

[Text] As already reported, Ye. K. Ligachev, Politburo member and secretary of the CPSU Central Committee, visited Vitebsk on 23-25 November. Participating in the oblast visit were the secretaries of party obkoms of union republics—students at the Institute for Increasing Training of the Academy of Social Sciences of the CPSU Central Committee, who came to Belorussia for practical training.

In summarizing its results the secretary of the CPSU Central Committee noted the comprehensive approach of the Vitebsk party organization to dealing with the Food Program and the vanguard role of communists in the constant search for reserves that is being carried out by the oblast and republic as a whole. He focused the attention of listeners on the consistent implementation here of specialization, concentration and cooperation in agricultural production, on the variety of forms and methods of work to support the decisions of the March 1989 CPSU Central Committee Plenum. Noted as positive is the fact that increasing production output in kolkhozes, sovkhozes, large agroindustrial complexes, and subsidiary works of enterprises and of citizens is accompanied by an equally planned search for opportunities to develop the processing base.

On the final day of the visit to Vitebsk Oblast Ye. K. Ligachev met with the oblast's party-economic aktiv. Speaking before meeting participants, Ye. K. Ligachev emphasized the need to direct organizational and political work of party committees to further improve food supplies for the population. In addition to the development of large forms of interenterprise cooperation, the creation of associations and agroproms, it has been recommended to utilize the possibilities of village households, to develop the previously-mentioned close cooperation of industry with the APK, and science with production.

Ye. K. Ligachev responded to numerous questions from members of the party economic aktiv.

Participating in the practical work and in the party economic aktiv were Ye. Ye. Sokolov, first secretary of the Belorussian CP Central Committee and V. V. Grigoryev, first secretary of the Vitebsk CPB [Communist Party of Belorussia] obkom.

Before Ye. K. Ligachev left Belorussia a BELTA [Belorussian News Agency] reporter asked him to answer several questions.

[BELTA reporter] Yegor Kuzmich, this year has turned out to be "abundant" in terms of trips to Belorussia. Brest, Gomel and now Vitebsk...Why are you so interested in the republic?

[Ligachev] Belorussia is without exaggeration a unique repository of progressive experience, particularly in the development of the agroindustrial complex. This is not just my opinion. With me were 26 obkom secretaries from different parts of the country. We shared impressions and it turned out that each one of them found something important for himself, something worth using. Innovation, the constant search for ways to deal with the food problem, and the fulfillment of the decisions of the March 1989 Plenum of the CPSU Central Committee which the republic is implementing, are attractive. This is especially true for questions of specialization and concentration of agricultural production.

In Belorussia this work has been proceeding ceaselessly for over 10 years. The dissemination of your experience will provide the opportunity to obtain more production with the aid of smaller expenditures of labor, materials and finances. This means the development of specialized complexes in livestock raising and specialized farming enterprises, brigades, and sections similar to those you have. Labor in such formations is both more attractive and more productive.

Also interesting is the experience of creating scientific-production systems. In particular, this applies to hog production in Orshanskiy Rayon. In my opinion, this is an excellent system—the hybrid-breeding center and the entire system of large and small enterprises is combined into a single whole. In my opinion, this is a form that enables us to quickly introduce the achievements of science and technology, and in the final analysis, to more rapidly achieve the goals that have been introduced by the Food Program.

A great deal is also being done to integrate family enterprises and private households with kolkhozes and sovkhozes. It seems that once we removed unjustified limitations, we aroused in people an attraction to the land, to developing the private enterprise.

We are interested in the network of scientific combines that exist in every rayon. This means that the opportunity exists to uninterruptedly introduce the training of cadres in the course of a year. This matter requires minimum investments but the return is great. I assume that your experience in creating agroindustrial associations and in cooperation between industry and agriculture deserve the widest dissemination. What is wrong if the enterprise allocates materials, money and equipment to the kolkhoz and in return receives meat, milk, vegetables and other food products from above-plan production? I feel this is even better than creating subsidiary enterprises attached to industrial enterprises.

I cannot but note the initiative of local party and economic cadres. Our Belorussian comrades are not waiting; they travel a great deal. I have been told they have been to Siberia, Central Asia, as well as the Baltic States, the Ukraine and Moldavia. These are not tourist trips. They travel in order to bring something home, to

study, to introduce something in their enterprise. Gradually they are organizing contacts and cooperation with foreign firms as well.

[BELTA reporter] Previously visits by high-ranking directors were primarily of an inspection nature. Now, however, judging by everything, the visits have changed in both form and content. They are more like seminars-practicums, involving an exchange of opinion and a joint search for means of implementation of the Food Program. How do you assess the results?

[Ligachev] I know that people have visited you from Belgorod, Ryazan and other places and have taken a great deal from you in the area of specialization and concentration of agricultural production, of the development of private enterprises, of the development of agricultural firms and of the organization of seed production and breeding work.

Of special interest is the social organization of the village. Recently the chairman of the Russian agroprom said that he organized a trip by all chairmen and deputies of oblast and kray agroproms to Brest Oblast. For three days they studied the experience of planning and building well-organized, attractive settlements and of improving working conditions for peasants. Incidentally, I would like to note that Belorussia is constantly feeding progressive experience to other regions and is absorbing it itself.

[BELTA reporter] Today the question of questions is how to saturate the food market. Is a significant breakthrough possible in the next year or two? How will it occur?

[Ligachev] I think it is possible but under the following conditions—if we do not jump around in an effort to improve economic relations in the village but purposefully introduce genuine, and moreover complete cost accounting, leasing, subcontracts and cooperation. We should not rush or delay. That is on the one hand. On the other hand, we must send supplementary material-technical resources into the village, for until we technically equip peasants and create good social conditions for them, as has been done for the American farmer of peasant of the GDR or Czechoslovakia, we will of course not be able to provide enough food for our country's population. Today the technical equipping of our peasant is on the level of that of the American farmer in the early 1950's.

[BELTA reporter] Finally, a question to USSR People's Deputy Ye. K. Ligachev. Drafts of the most important laws—about property, leasing, self-management—have been presented for general discussion...What do you think, are they capable of securing a significant improvement in the country's economic situation?

[Ligachev] Without minimizing the role and importance of various forms of property I would like to remind you of something I have already said. Laws are important but they will not solve the problems. We cannot do without

a rapid solution to social problems, without the introduction of the achievements of scientific-technical progress, without additional material investments into the national economy, culture, medicine and education. We have already tried on numerous occasions in the past to grasp at one thing, hoping for general success. Today we must act only after looking at the whole picture.

### **Production Increases, Policy Changes to Cut Imports Urged**

904B0092A Moscow OGONEK in Russian No 46, 11-18 Nov 89 pp 1-2

[Article by Aleksey Yemelyanov, member of the USSR Supreme Soviet: "Hard Currency and Grain"]

[Text] The parliament is considering the plan for the country's life up to the year 1990. It is searching for ways to solve priority problems, among which the food problem occupies a special place. Immediate and extraordinary measures are needed in order to emerge from the food crisis. We shall be discussing one of them.

In August of this year the government announced purchases of grain and oil-bearing crops for convertible currency. This decree surprised many people. And there is something to be surprised about. The incentive measures are extraordinary. How is this usually handled? They kept track in detail of how much grain the farms had sold to whom for our rubles, which had been devalued during the course of inflation. This was determined centrally. And strictly—in spite of the assurances from the country's leadership about the independence of the kolkhozes and sovkhozes, which they, supposedly, had finally acquired during the course of perestroyka. And suddenly—they decided to sell some of the grain for freely convertible currency. Is this not a paradox? Such a radical measure somehow looks absurd next to the outdated principles of managing agriculture from the center. Let us note at the outset that this measure could be taken only under pressure from the agrarian deputies on the Congress of People's Deputies and the session of the USSR Supreme Soviet.

The first application of the new form of grain procurements produced disheartening results, which we learned about in the press. And this is understandable. It was something new and we had no experience. The kolkhozes, not to mention the sovkhozes, had forgotten long ago how to trade in their own products, especially grain—a strategic product. And suddenly here it was being sold for currency! Can this golden island lead a full life in the sea of mismanagement and voluntarism in the relations between the state and the farmers who have the grain? The mechanism for paying the hard currency has not been worked out yet; the decree was adopted hastily, without comprehensive preparation. Although dreams about sales for gold have long been hovering in the heads of many agrarians and have been voiced in the press. Understandably, it is difficult to use hard currency in practice. But let us say that a farm is paid in convertible currency—what would it do with it? We know that even



with domestic rubles the farms can acquire only that which is allotted to them by the raykom through the order schedules, in keeping with the supplies and limits. And here we have real currency. Where will they spend it? What will they buy with it and where? The raykom will not help and the bases are empty. They would have to get into the foreign market, but how? There, according to rumors, everything is piled up as a result of the crisis of overproduction... Of course, specialists know that during the twenties, during the time of A. Chayanov, our uncollectivized peasant could go to the world market without any trouble.

There was a time when one could take one's own grain, meat, and flax to the market. This is not such a time. There is no efficient mechanism which reliably serves the peasant or, rather, the modern producers of grain and other agricultural products. The kolkhozes and sovkhozes are still on a short party-state leash and are strictly brought back into line when they deviate in one direction or the other.

The considerable expenses and difficulties in the practical utilization of the new form of procurements are related to the fact that the decree was adopted generally at a time when the procurements of grain crops in the southern regions had either passed or were coming to an end. The farms were told nothing about the innovation beforehand and, of course, they were unable to anticipate the sale of grain under such deceptive new conditions. The grain flowed through the usual state channels and most of it was sold to the state for ordinary rubles as a mandatory thing. The state order went into effect—the first commandment. Our usual mechanism also had an effect on the belated publication of the decree. Once it was prepared by legislators and coordinated with the government, it still took a long time to make its way through the offices of the high organ whose leadership and directive role in our society has been reinforced constitutionally... Not only did it sit around and breathe, like cognac, but it also underwent certain changes. And we know in which direction...

Such is the reality. It could not but have an effect on the way this extraordinary economic measure was perceived. But it would be rash to reject the new form of procurements because of the first difficulties and give it a negative evaluation in principle! No, in my opinion the sale of grain for convertible rubles will find a firm place. And we are not speaking just about grain! Other products are also worthy of different prices, firm hard currency rubles in accounts with the state. The significance of procurements of agricultural products from our kolkhozes and sovkhozes for foreign currency must be seen in light of the situation we have in common with food imports. It is known that our great power has ended up in a great food kabala on the foreign market. We are buying far too much. And we are going around the world in search of more and more new markets. Understandably, this is not to our credit. But the problem is that this tendency is worsening.

And yet it was not always that way. I would not want to go back to the times of the tsar, when Russia was the largest exporter of both grain and other products. But then, as we learned in school, the people who had the grain operated according to the principle: What we do not eat we shall ship... But here are some closer times. Under the Eighth Five-Year Plan (1966-1970) exports of grain and meat (and these are the main items) exceeded imports. At that time an annual average of 5.9 million tons of grain were exported and we procured 3 million tons. We procured about 98,000 tons of meat and exported more than 115,000 tons. That is the way it was, and quite recently. Now the figures look different. Each year we procure tens of millions of tons of grain. This year, according to some estimates, we shall purchase no less than 50 million tons! But exports have dropped to 2 million tons... The situation is similar with respect to meat and meat products. Imports have increased to 900,000 tons (in certain years they amount to about 960,000 tons) while exports have dropped to 25,000-30,000 tons.

But now we are getting down to the nitty-gritty, as they say: Can the country get by without importing food?

To this question I would give a confident, uncompromising answer: Yes, it can!

And it not only can but it should.

We could be in quite a different situation. But under one condition—with a more rational and responsible economic policy.

What is my conclusion based on? Above all on accounting for our real capabilities. I shall not discuss all the reserves for increasing our gross output of our own food—they are truly limitless.

Taking advantage of them involves changing the structural policy in the APK [agroindustrial complex] and new forms of management and ownership in rural areas! It involves new thinking in planning and new economic incentives. Generally speaking it involves the acquisition of the land by the master or, rather, his coming to the land. Each of these issues requires a special item. Many of them have been dealt with extensively in the press. I shall allow myself to discuss one problem—improvement of the structure of the grain balance. I have had occasion to raise the question of grain utilization before various audiences, including the committee for agrarian questions and food during the past session of the Supreme Soviet. But for some reason our highest leaders remain deaf to the new approaches to this important problem. Here, obviously, the previous thinking prevails. There is not a sign of anything new there! Usually the leaders refer to their own calculations when trying to justify the need for the current scale of grain imports. They show us that for a reasonable life the country needs 240-250 million tons, and it is supposedly necessary to purchase them abroad. And they speak of the large purchases proudly, as if they were showing concern for the good of the people! At one time it was thought that it was necessary to have 1 ton of grain per

person. For us this means no less than 290 million tons. Now people have more or less forgotten about the "ton per person."

Now the leaders of the country and the Gosplan are talking about 240-250 million tons of grain a year. But how substantiated are these calculations? It depends on how you figure. If you use the old thinking and stereotypes as a basis, indeed we need no less than 250 million tons of grain; and if we receive more, so much the better. The new thinking and new approaches open up quite different perspectives on the problem. What are they?

First I shall give an example from international experience. In the EEC [European Economic Community] countries' grain consumption for food purposes and forage amounts to 500 kilograms per person per year. And these countries, as we know, eat fairly well. And they also export a significant quantity of agricultural products. The United States uses a total of approximately the same amount of grain per capita as we do. But they are not experiencing a shortage of food, and they export grain. In our country the actual per capita grain consumption is about 800 kilograms. What is the matter? Why is there such a critical shortage of everything related to grain?

Once again I must point out: I am not talking about a wide range of problems in our agrarian policy which have brought the rural areas to the point of having a heart attack; I am discussing only one issue—the structure of the production and utilization of grain. The possibilities here are immense. First of all there is the reduction of grain losses. Rough estimates show that today's "masters" of the land, the kolkhoz and sovkhoz workers, lose no less grain than the state purchases abroad. The picture is similar with respect to other products. And for vegetables, potatoes, and fruits, of course, the losses are much greater! Are expenditures on preserving the products large? Clearly they are much less than what it takes to raise grain and so forth. And nonetheless from year to year funds and currency are found for purchasing products abroad but there are none for building storage facilities, elevators, granaries, and warehouses... There is not enough money for these. Would it not be smarter to take a small share of the resources that are allotted from year to year for importing food and use them for purchasing equipment for processing and storing our own products! This should be clear to everyone. But not to those who are in charge of our agrarian sector. Under these conditions it is not an easy thing for our agrarian committee to change the old line of anti-economy. One department sees its function as raising products and letting them rot. At the same time another department purchases products from abroad... The economy is left at an impasse. This kind of policy discredits the Soviet power and our patient, long-suffering people. And the organs and their leaders who stand over all the departments, who are called upon to answer for everything that takes place in the country, as usual, are discussing the significance of the Food

Program... And they decide for everyone else and determine what should happen and what should not, without being responsible for any of it...

The problem could be eliminated without affecting currency funds. All we have to do is utilize the resources that go for raising products that rot each year. Indeed, why increase the production of products if they are going to be wasted anyway? Always before the peasant has been guided by this fundamental truth. And in our planned economy with the current leadership of the agrarian sector paradoxes have become the norm.

This year this established practice has looked especially paradoxical. At the session of the Supreme Soviet and in the committee on agrarian problems the deputies who are leaders of kolkhozes and sovkhozes discussed with interest the strategic problems of emerging from the food crisis at the same time rich crops were dying on their fields: There was no fuel! And there was nothing the deputies could do. Fuel is flowing like a large river on the foreign market, but we have only a tiny stream of it for our agriculture. Here is a curious comparison. All branches of the APK consume less than they pump into the foreign market by a factor of approximately 2.5. This problem was raised pointedly in the committee on agrarian problems and during the course of the current session of the USSR Supreme Soviet.

And so just reducing losses of the products that are raised could free us from importing foods.

Now most of our grain is used for feeding livestock—about 115 million tons. But is it necessary to feed them so much? And why is so much wheat used for forage? The ineffectiveness of the economy is apparent here. At one time it was necessary to expand the area planted to wheat so that there would be more grain and exports could be increased. Now the situation has changed. Although the need to change the structure of the grain balance has been discussed at many party congresses, the need to increase the proportion of grain forage crops has not been addressed. And yet it would be possible to save millions of tons!...

Further. Only about half of the forage grain is distributed in the form of mixed feeds. The rest is fed in natural form. The return from this kind of feed in the output of products is much less. And our mixed feeds can only conventionally be called mixed feeds: They are not balanced in terms of nutritive substances. And the price is exorbitant... Because of the lack of balance of proteins in the feeds alone we lose 20-25 million tons of grain! Owners would not operate this way...

And I should like to say something else about the reserve. About the use of coarse and juicy feeds, potential supplies of which are immense in all regions. Cattle especially need these bulky feeds. Yet almost half of the forage grain goes for cattle. In the majority of cases this grain could be successfully replaced with coarse and juicy feeds. But less attention is being paid to them. We prepare much less hay than they do in the United States. And at the same time we are using more and more grain

for cattle. But with the low average weight gains and milk yields we have, it is simply uneconomical to feed grain to livestock. In any case, even if we use grain, it should not be in these quantities. It is much more economically advantageous not to. This is also important taking into account the biological peculiarities of cattle. In particular the unjustified orientation toward the concentrated type of feeding is one of the reasons for the increasing barrenness of cows.

These are only a few of the reserves for freeing the country from the slavish importing of grain. These reserves can be seen with the naked eye.

Only now—in relation to the reduction of grain imports—should we evaluate its purchase for hard currency. The measure is intended to motivate the farms to sell grain to the state. It is thought they they will use the convertible rubles they receive to buy necessary equipment and technology: everything you cannot buy on the domestic market. True, now it is difficult for the farmers to do this in practice. We must immediately form a mechanism that makes it easier for the farms to enter the foreign market. A mechanism that is free of administrative-bureaucratic hitches.

I am not talking about reducing imports of food products as a result of improving all management in rural areas. Understandably, importing food is a reflection of the overall condition of the agrarian sector. Today all measures are good that help to increase the yield of agricultural products. The main thing is to relieve the country of the need to import food. But how do we do this in practice? Those who have been managing the grain growers for decades are not likely to help.

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#### **Academician Krasnoshchekov on Peasant Labor, Incentives**

904B0078A Moscow SELSKAYA ZHIZN in Russian  
15 Oct 89 p 2

[Article by Academician N. Krasnoshchekov, All-Union Lenin Academy of Agricultural Sciences: "Discussion in the USSR Supreme Soviet: Comeback of Peasant Economy"]

[Text] I attentively read the article by V. V. Shvetz, "Leasing: Why Are We Dragging Our Feet?" Many of his observations and conclusions are in tune with my own thoughts. But I would like to draw the attention of readers and discussion participants to the fact that lease relations are often interpreted simplistically, limiting the new form of economic management to intra-leasing only. In their appeal to the Congress, the agrarian deputies pointed out that in addition to collective and state farms we can and should have other forms of labor organization. The objective now is to create all the necessary conditions for establishing and promoting them in practice.

A number of workers are attempting to set up collectives of highly productive labor. More and more cooperatives

turning out farm produce are appearing. Moreover, this small group of valuable workers is visibly growing. These are the independent labor peasant families.

I think that leasing is a way of developing and affirming land ownership and an effective tool of educating such owners. It will inevitably result, and has resulted already in some parts of the country, in the establishment of individual labor peasant economies. I would like to support those discussion participants who view individual leasing outside of the collective and regard state farms and a peasant economy as a form of organizing labor in the countryside, enjoying full rights. These forms of economic management should be vested with the economic rights equal to those enjoyed by the collective and state farms. This is how the question was formulated by the 1989 March Plenum of the CPSU Central Committee.

A peasant family holding, or a farm, is looked down on sometimes because of the farmers' unbridled zeal and high earnings. Because of this, its chief merit—a desire to engage in independent, highly productive and creative farm work—is thoughtlessly ignored in the process.

Take, for example, the cases of A.S. Gribovskiy from the "50 years of October" collective farm in the Bolotninskiy rayon, P.N. Gribanov from the "Dolgovskiy" state farm in the Toguchinskiy rayon of the Novosibirsk Oblast, or the Garifullins from the Lenin collective farm in the Karym rayon of the Chita Oblast. They include highly skilled machine operators and livestock breeders, specialists and even former farm managers who were not satisfied with being functionaries. I am convinced that our state should encourage the desire of such families to work efficiently and their striving to occupy a worthy position in a village community. The allocation of resources to family collectives on a priority basis will pay off handsomely.

What should a farmer's holdings look like?

I would like to stress first of all that family production does not mean the dismantling of other forms of labor organization on the collective and state farms in the first place. A farmer's holdings just complements the variety and the many types of commodity producers.

We could have had many more family farms by now. But a potential farmer is beset with doubts as to whether the ongoing changes will last long. Might not perestroika fizzle out tomorrow? I do not think it will if we pass appropriate laws. Rural perestroika will strike deep roots then. And no matter how the tree crown is battered later on, a firm foundation will prevent the tree of democracy from dying.

A decision by a rayon soviet of people's deputies to register such an economy, stipulating the main principles of its activity, can form a legal foundation for establishing a farmstead. The main principles could stipulate the passing of land over to a farmer for limitless ownership; giving him the right to turn it over to inheritors; to purchase equipment, structures, and livestock. The



farmer should enjoy the full right of taking care of the things he has produced, and be able to open accounts in a bank branch.

The above-mentioned basic principles of establishing family production stem from the common interests of society and a working peasant family. I do not think that this postulate requires much proof. A society that needs a reliable breadwinner should divide with a farmer its monopolistic right to land ownership for the entire period of the working activity in which a peasant dynasty is engaged.

Why do we talk more and more often about the miracle produced by the feeling of being an owner, implying it to be dedication to land, land cultivation, display of initiative and the examples of highly efficient work? Why do we compare hired peasants to time-workers who epitomize passivity and mismanagement?

You can love land only when you are to own it over many generations, when you make it ready for children, make them get accustomed to doing difficult peasant work and pass to the inheritors the experience of the elder generations that you have enriched. Given the high spirituality of a family owner, it would be blasphemy, of course, to sell land, to lease it illegally or to get rich by speculating in plots of land. The family commodity producer's right of ownership of equipment, structures and livestock should be also legally defined.

Following Lenin's teaching, we can be confident that a small-scale family holding will survive and produce an effective return. The owner will not allow it to be mismanaged, buying only the things that he really needs in order to turn out produce. The psychology of an owner, seeking to pay for a piece of equipment, a structure and livestock as soon as possible, benefits society as a whole.

The independence of a farmer's economy is associated with the right to own the grown produce. Local leaders often overestimate the effectiveness of collecting produce in a centralized manner. The state order should not contradict the psychology of an independent peasant at the present stage. The principle of voluntary attitude should be observed here. The owner will see for himself tomorrow that as a guaranteed market at a good price, the state order is a boon that socialism provides to him.

Those who work according to the principle of farmer's holdings achieve spectacular results. For example, a collective of highly efficient labor headed by D.D. Gyunter from the Kochkovskoye pilot field farm in the Novosibirsk Oblast produces and sells every year 460-560 tons of grain and 26-30 tons of meat per person for each of its five workers. They get farm produce worth 110-126 thousand rubles per person. The same efficiency has been displayed by the family dairy farms in the Lynovod collective farm in the Maslyaninskiy rayon of the same oblast. The only thing they lack is the kind of equipment that is used in the FRG and Finland, for example. Without waiting for the unwieldy designers, its rapid

production will increase the number of livestock farms in our country which are few and far between so far.

It is rather important for society to display interest in establishing farmer economies having high labor productivity and using progressive technology. Our farmers can prove the possibility of providing our country with food with fewer workers. To achieve this, each Soviet farmer should be able to feed at least 40 people, or 2-2.5 times above the present level.

The objective is quite feasible. But everybody knows that it is a waste of time trying to achieve it by using low-power tractors, like DT-20, a horse, or a pitchfork. Unfortunately, this is what many lessees are doing now, imitating the peasant economic setup of the 1920s.

First of all, a family-run farmer's economy should define its area of specialization, taking into account the interests of the family itself and market conditions. It is impossible to achieve high results by engaging in many lines of farming at the same time.

It has been proved economically unprofitable, for instance, to combine both grain and fodder crops in crop rotation due to high expenses involved in getting different types of equipment and inefficient labor use. Additional part-time workers have to be asked in. Hired labor can be allowed. In order not to be spoiled by such a right, the farmer should pay a state tax for hiring labor and guarantee social security benefits to the hired workers.

One should point to the need of mastering specialized fodder crop rotations which make it possible, due to varying crop maturity dates, to organize the nonstop production of green fodder and procure feed for winter rations without resorting to storing. An even work load on the family during the summer and fall periods is thus achieved. The harvesting of fodder crops goes beyond 100-110 days even in conditions of Siberia.

Cooperative schools are appearing now, where those working on family farms learn their trades. Such groups can be set up at specialized secondary educational institutions, which local economic organs could organize using some technikums as a basis.

An efficient activity of family production requires reliable provision with technical facilities. The main requirement that a series of equipment for such farms should generate high profits, enough to expand production and to ensure comfortable living.

Unfortunately, the mechanization and automation of production becomes unprofitable sometimes due to soaring farm equipment prices, its low productivity and poor reliability. Oftentimes, a horse or a small machine can generate sufficient income, although involving a higher level of manual labor use. It is no accident that the press has intensified its attacks against powerful machinery—down with K-700, give us the mini-tractor! All this is poor judgment. The country cannot be fed when labor productivity is low.

A genuine peasant is not put off by hard farm work over unlimited hours, which has to be encouraged with a promise of more comfortable living conditions. It is clear that a village should have a house with basic amenities, including water and a power supply. Power can be generated by wind, solar or other autonomous sources if the house is located far from the populated area. There is also a need for a system of reliable transportation that would connect farms with processing facilities, cultural and trade centers and children's institutions.

I think that Soviet farmers can find new production and economic relations, which should be based on the "sponsor-independent commodity producer" system, conducive to achieving a high degree of independence and interest.

A family collective has a special need for a collective or state farm to act as a sponsor (trustee) of a farmer's holding given the existing system of resource allocation and rampant shortages.

Working within the system of a sponsored economy, but being outside of its structure, a farmer should enjoy the main economic right—to receive profits and use them as he sees fit. No one has the right to take them away from the commodity producer.

I think that at the initial stage the state could grant farmers easy-term or even nonrefundable loans to make installment payments for the main means of production. Industrial enterprises can take part in equipping the farms, receiving from farmers meat, milk, vegetables and fruit. It is important not to tax that portion of the profits which the farmer rechannels into expanding production and into housing. It is necessary to make him interested to investing money in land improvement, produce processing and storage.

The local soviets and the sponsor farms have the right to expect the farmer to contribute part of his profits to the social development of the village as part of a consumption profit tax. The size of the tax should be differentiated depending on how far the farmer is located from the village or the town, the quality of land, specialization of family production and other factors.

Profitability should be the main criterion in evaluating farmer's work. But the bank can declare him bankrupt if losses exceed the value of all his assets, followed by an immediate sale of fixed assets to pay off losses. A farm should be profitable. Economic independence and democracy in farmer's relations with society do not imply economic slackness, which results in "economic drug addiction", when a commodity producer is corrupted by the system of surplus purchasing prices and complete irresponsibility for the results of his work.

I am convinced that economically austere conditions will encourage only strong people to become farmers. Our society needs to see competition among the forms of agricultural production of different types and a variety of forms. This should be a competition on equal terms,

without infringing on the interests of one side and without creating "hothouse" conditions for the other.

## REGIONAL DEVELOPMENT

### Private vs Socialist Property Ownership Viewed

#### Appeal to Estonians

904B0083A Tallinn SOVETSKAYA ESTONIYA in  
Russian 5 Nov 89 p 1

[Appeal by the participants in the Estonian Agrarian Council: "Appeal of the Agrarian Council to the People of Estonia"]

[Text] Tallinn, 1 Nov—The Agrarian Council is appealing to the people of Estonia in the current difficult time. History has shown that if someone seizes the right to decide the fate of a nation, this is done to plunder it in the name of some other interests that are declared to be more important. This applies to the land as well.

Politicians sought an alliance with farmers with the help of false promises about the redistribution of the land and property only when this was advantageous for they themselves. Thus, the promised priority of the development of agriculture and rural life is still just a loud phrase. We are profoundly convinced that in its means of implementation forced collectivization was inhuman and unfavorable for the land, although this does diminish the values created by the labor of two generations of kolkhoz members and sovkhoz workers.

Our goal is the unity of rural workers. We advocate economic and political rights as well as the formation of an economic mechanism that will ensure an equal interchange between the countryside and the cities.

The Agrarian Council believes that politically and economically it is extremely necessary to establish a cost-accounting Estonia but this is possible only under the condition of guaranteed continuous, balanced, dependable and self-regulating development. We need creative cooperation on behalf of the renewal of rural life.

We see our future in the free cooperation and free competition of private farmsteads and public production, in which the farmer himself must have the possibility of freely choosing the form of ownership, land use and enterprise. Today this primarily means the priority development of the social sphere in the countryside and economic support to the establishment of farmsteads by the government. We do not approve of enmity either among ourselves or toward public producers or of the unfairness and arbitrariness of the forced alienation of lands, property and rights. The task of the state is to ensure for different forms of production and ownership equal management conditions and also possibilities for the permanent use of lands.

To do this, it is necessary, in the first place, to guarantee the sale of agricultural output to the state at contractual prices set by producers and the government; secondly, to

ensure the sale of the resources and services needed by production at prices equal for all producers and on an equal basis; thirdly, to establish bases for the taxation of land and income that are uniform for agricultural producers; and fourthly, to establish a land service independent of the departments to resolve questions in land use and state policy on settlement. The Agrarian Council considers it necessary to establish a commission of experts under the Agrarian Council that would evaluate the drafts of planned legal acts as well as other fundamental documents involving rural life that are subject to adoption in the Supreme Soviet, government or other state institutions. Draft laws on farmsteads and on the land and land use as well as other bills regulating the development of rural life must be among the first to be evaluated.

We are firmly convinced that rural life can be changed for the better only by relying on all the people and in cooperation with political forces that express its interests. It is for this reason that we appeal to the entire rural population, public-political movements and all inhabitants of Estonia and call upon them to contribute unanimously and honestly to the transition of rural life to the path of stable and balanced development and to the achievement of the economic and political independence of the republic.

#### **Estonian Reformer on Peasant Farms**

904B0083B Moscow KOMSOMOLSKAYA PRAVDA in Russian 13 Dec 89 p 1

Interview with Ivar Rayg, people's deputy of the USSR, by Ye. Yakovleva, under "Every Day at This Place" rubric: "The Peasant in the Law"]

[Text] "No one can give orders to the peasant!" thinks People's Deputy of the USSR Ivar Rayg.

[Yakovleva] Ivar, as a scientist and member of parliament, formulate the main question for peasants.

[Rayg] I will not discover America but I will repeat Marx: the question of ownership. The main question for peasants is that of the ownership of the land.

We now have a strange situation in our country. All of the land belongs to everyone. So I have my land on Sakhalin, in the Far East and in Central Asia but I live in Tartu. What kind of economic ties link me with this land on Sakhalin? Clearly, there are no such ties. This is the "verbal, declaratory" ownership of the land. On the other hand, the land on which the peasants live and work does not belong to them.

[Yakovleva] But the situation must now change. A new draft law on the land has now been formulated and passed in the first reading. What do you think about it?

[Rayg] In my opinion, it opens the way for radical reforms in the countryside. For me the important thing is that they adopted not a single law for everyone but Principles for Legislation. This gives union and autonomous republics and local soviets the opportunity to

decide on the ownership, disposition and utilization of the land in accordance with local conditions: natural, national, economic and social. No less fundamental is the fact that the bill equalizes all forms of management: free peasant farming, kolkhoz, sovkhos, cooperative....

[Yakovleva] What, in your opinion, is necessary for the law "to work, to take hold"?

[Rayg] I think that the law will not work without land reform. Reform is the practical realization of the law. Our government is not yet prepared for reform. We need a new cadaster [description of lands] and prices have not been worked out for land. The transformations have not become a methodology or system of measures.

[Yakovleva] Do you support those who are insisting on the very rapid adoption of the Law on Land?

[Rayg] Yes. If the law were passed, the government could work out the reform before spring. If we let this spring go by, we will lose another year.

[Yakovleva] So your sympathies are on the side of the independent peasant?

[Rayg] I favor the independence of all forms of management and of all producers, including the peasant farm. I am for their voluntary cooperation and the rational combination of the large and small. After graduation from the Estonian Agricultural Academy, I took on a scientific project: I made a comparative analysis of small independent peasant farms and large enterprises (simply put, of small farmsteads, orchards and gardens compared with kolkhozes and sovkhoses). It was for my doctorate. My conclusions were that the small and independent enterprise is more efficient in the production of livestock and less efficient in grain growing and feed production.

I will not present any figures, because they will say to me that they are applicable only for Estonia. I will state some principles common to all. In agriculture, in contrast to industry, there are complex biodynamic processes under way that are not subject to unification. Every piece of soil is unique and every animal has its own character. The weather changes by the hour and along with it the production situation. This uniqueness requires a landowner who would be his own manager and executor—a universal peasant with a "broad profile."

[Yakovleva] I am prepared to accept unconditionally the idea of the small independent peasant farm but what should I think about it in practice! After all, everything we have is absolute. Wherever you look—equipment, garages or roads—everything is designed for large enterprises. How can this be changed?

[Rayg] No one is demanding an immediate reorganization, as if by a wave of a magic wand. Since there are "Don" combines and established crop rotations that you cannot change immediately, there will be large-scale farming as well. It, as I already said, is not as deplorable as consolidated animal breeding.



With time, however, different equipment and a different material base will appear. But it is necessary to begin with a law that acknowledges independent peasant farms.

[Yakovleva] One often hears: "But our peasant does not want to take the land, why give it away?"

[Rayg] I just received from Academician T. Zaslavskaya the results of the latest public opinion poll. Let us take a look at them together.

"What do you think, what kinds of management should be supported and developed above all in the rural areas at this time?" Thirty-four percent of the rural population think that it should be farms belonging to individual proprietors, 26 percent farms of lessees, 19 percent kolkhozes and 12 percent new agricultural cooperatives. And here is another question: "What do you think, should the land now be turned over to individual use?" Only 5 percent of the rural residents polled answered: "It should not be." Fifteen percent decided that it should be leased over a long term, 40 percent were in favor of the free allotment of land to the people but without the right to sell it, 21 percent favored having the state sell the land to all those wanting it and 7 percent could not decide. Thus, the idea of turning the land over to individual use receives broad support among those participating in the poll. (Of course everyone has a right to believe or disbelieve these results as he sees fit).

Nevertheless, many really do not want to take the land. Why is this? I know from my experience in meeting with voters that the peasants fear a repeated expropriation of the kulaks.

It is for this reason that I think it is necessary to begin the reform not with economic but with political measures. An initiative group of deputies-agrarian specialists turned to Chairman of the USSR Supreme Soviet M.S. Gorbachev with the request that the declaration "On the Acknowledgement that the Stalinist Methods of Collectivization Were a Crime Against the Peoples of the USSR" and proposals on the sale of state and departmental housing to citizens be discussed with the purpose of restoring social justice in relations between the cities and the countryside. It is necessary at this time to assure the people that there will be no turning back, that the new policy will not be overturned. And the first step in irreversibility should be the declaration of the Stalinist methods of collectivization as a crime "against humanity and against all the peoples of the USSR without exception.

[Yakovleva] Are there a lot of people who think as you do among the deputies-agrarian specialists in parliament?

[Rayg] I think that there are quite a few. There is Arkadiy Pavlovich Aydak, a kolkhoz chairman from Chuvashiya (he is the author of the idea on the sale of state and departmental housing to citizens) and A.F. Veprev, chairman of the Committee on Agrarian Questions and Food. The initiative group included Yemelyanov, Lemesheva, Ivchenko and Shtepo. They were supported by

members of the Committee on Questions of Legislation, Legality and Legal Order (Alekseyev, Sobchak), the Committee on Questions of Ecology and the Rational Use of Natural Resources, the Committee on Questions of Economic Reform and even members of the Committee on Questions of Defense and State Security. All of them are now my confederates.

I do disagree with some deputies-agrarian specialists about the concept of "freedom." This sweet word "freedom" is sweet only to certain limits. "You give freedom to kolkhozes and sovkhozes and get rid of all kinds of tutelage and interference!"—this is accepted. But freedom to every peasant is just too much. He, they say, is already absolutely free. If he wants to leave the kolkhoz, fine. True, without land and without the means of production. But I think that the peasant must have the right to leave the kolkhoz with an allotment of land and the part of fixed capital that is due him.

#### Call for Preservation of Socialist Property

904B0083C Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 49, Dec 89 pp 10-11

[Article by K. Khodzinskiy under "Problems and Opinions" rubric: "Which Path Is More Advantageous?"]

[Text] Krivoy Rog—*Under the conditions of the fundamental restructuring of agrarian relations in our country, above all the question of land ownership is attaining fundamental importance. Today a number of economists and journalists are persistently proposing the restoration of private ownership of land. The adherents of such a concept are inclined to view this path as the only possible means of returning to the peasant the feeling of being master of the land and of permitting him to consider it "his own." They say that only by buying land or receiving it in an inheritance can the peasant carry on his operations there efficiently. Other forms of land use under the conditions of the nationalization of the land are proclaimed inefficient and unpromising.*

Such a categorical point of view can hardly be recognized as the only one that is correct and beyond dispute. In our view, the nationalization of the land and its proclamation as public property were extremely important as one of the primary accomplishments of socialism. This act abolished large estates and church landholdings and the monopoly right of the landholder to use the land for the purpose of personal enrichment as well as any influence on the development of political, economic or other public processes in his own interests. The existence of public ownership of land makes it possible to establish agrarian relations that put the processes of ownership, disposition and use of this main means of production under the direct control of the entire society.

In any form of private ownership of land, whether it be large landed estates or small farmsteads, the necessity of its buying and selling will inevitably arise. And this, in turn, means the inevitability of raising the prices for promising parcels of land. As everyone knows, the appearance of monopoly private ownership of land is

linked with the rise and steady increase in the absolute ground rent. All of this will force the society to allocate additional means for the indemnification of the non-labor income of a certain part of monopolistic land owners.

The lowering of the level of socialization in the agrarian sector of the country or even the complete elimination of kolkhozes and sovkhozes and their replacement with small farm enterprises either under the conditions of long-term leasing or of private ownership of the land, as some economists are proposing, hardly promises a way out of the critical state of our agriculture in the future. The experience of a number of socialist countries (Yugoslavia, Hungary, Poland, China) shows convincingly that the selling off of the land to private ownership or distribution to family leasing cannot serve as the main direction in the resolution of the food problem and other problems in the development of the countryside under the conditions of scientific-technical progress.

Certainly under leasing the small farmer can significantly raise the productivity of labor, primarily through its intensification. And therefore the development of such farms is now economically justified in a large number of regions of the country. And there is no need to hinder it. At the same time, the prospective increase in the efficiency of such farms is limited. Scientific-technical progress is inevitably accompanied by the process of the socialization of production and its greater and greater concentration in consolidated production associations, which have greater access than small farms to the possibilities of the prompt introduction of the most progressive developments of science and technology.

As a rule, the adherents of the elimination of kolkhozes and sovkhozes refer to the experience of small family farms in the United States. But they neglect the rather important facts that indicate the irreversible process of the reduction of their number. Their number has declined by more than half in the last 30 years and by the year 2000 approximately 50,000 agrarian firms in the United States will produce about 75 percent of agricultural output.

The facts indicate that even under the current conditions of crisis labor productivity at kolkhozes and sovkhozes is significantly higher than at small leased farms. Thus, according to preliminary estimates, the direct labor input per quintal of weight gain for hogs was about 3.5 man-hours at complexes in the Ukraine in 1988 and it averaged about 4 hours for a quintal of weight gain for cattle. This labor input was almost twice as great at the small farms of lessees.

The relatively low efficiency of large and medium-sized production formations, with the exception of those where there is clearly mismanagement, depends to a large extent upon shortcomings in the system of planning and pricing that developed under the conditions of the administrative-command system of management. Thus, in the Ukraine, for example, even such an important and

high-income branch of animal husbandry in most developed countries as swine breeding is among those planned to operate at a loss.

Apparently what we should now be talking about is not a fracturing of agricultural production and the elimination of consolidated forms but rather the granting of complete independence to kolkhozes and sovkhozes, which they have never had and do not have to this day. For the most basic analysis of the actual reasons for the chronic sickness of many farms indicates that the spectrum of their "illnesses" is very broad—from elementary mismanagement to serious distortions in planning and pricing both for output as well as for the means of production supplied by industrial enterprises.

We have now acknowledged the equality of rights of different forms of management: kolkhozes, sovkhozes, agricultural firms and combines, peasant and private plots and agricultural sections of industrial enterprises. At the March (1989) Plenum of the CPSU Central Committee, there was talk of the necessity of fundamental reforms in agrarian relations. Above all it is necessary to transform the structure of kolkhozes, gradually converting them into cooperatives, which through the new mechanism of management—cooperation and leasing—must develop their enormous potential to the maximum extent.

But the introduction of leasing relations is running into a whole series of obstacles and unresolved problems. It seems to us that under the new conditions the interrelations with the lessee must be organized so that the latter will have every opportunity to manage his enterprise over a long time.

At the same time, any outside interference in the work is excluded as long as the lessee strictly fulfills his obligations, which must be formulated precisely in a contract. There it is stipulated what he will sell to the state in what volume predominantly at contractual purchase prices set in accordance with changing market conditions and the exchange rate of the ruble.

Naturally the lessee is obliged to pay an income tax at a rate set by law, make payments for the land in accordance with the size of the differential rent income obtained, ensure the restoration of the fertility of leased lands and also provide for the appropriate ecological state of the territory.

Experience confirms that intrafarm leasing has become most widespread in the form of individual production subdivisions within the traditional kolkhozes and sovkhozes (livestock farm sections, brigades and links in different branches).

There are examples in which nonagricultural enterprises and organizations lease individual production sections at sovkhozes and kolkhozes. Thus, the Krivoy Rog Sewing and Knitting Association leased a poultry house at Zarechnyy Sovkhoz in Kirovohrzhskiy Rayon of Dnepropetrovsk Oblast. As a result of this cooperation, the association workers received more than 5,000 geese.

Among other ways and forms of spreading leasing relations, special emphasis should be given to direct leasing, which infers the signing of contracts directly between lessees and the owner of the land—the state—through the soviets of people's deputies. Such, for example, are the contracts for the leasing of parcels of land, farm sections and the property of inefficient bankrupt agricultural enterprises of different kinds by lessees that are either enterprises or individual peasant proprietors.

We should also extend the practice of leasing lands that have been abandoned or practically taken out of active economic use, of which the country has about 9 million hectares.

It seems that the local soviets need to take inventory and strict accounting of such lands, make an economic evaluation of them and turn them over in long-term economic leasing to those who show an interest and have the best possibilities to make efficient use of them. And in our view, to interest the local soviets of people's deputies in this, one should introduce a certain part of the rent as allowances to their budgets.

In conclusion, I would like to note that if you approach the problems in the development of agriculture objectively, taking into account the acquired experience and without excess emotion, then you inevitably come to the conclusion that it is necessary to preserve public ownership of land. Kolkhozes and sovkhozes have by no means exhausted their possibilities. It is merely necessary to remove the shackles from them where they are making good use of progressive forms of management and where lease relations are being introduced extensively and the efficiency of production is being improved markedly.

## MAJOR CROP PROGRESS, WEATHER REPORTS

### November-December Weather, Crop Reports

#### Mid-November Situation

904B0073A Moscow SELSKAYA ZHIZN in Russian 25 Nov 89 p 2

[Article by O. Pisarenko, agricultural meteorologist: "Weather and Sowing"]

[Text] At the beginning of the 10-day period in a large part of the European territory of the USSR, and for most of the 10-day period in the Severnyy, Volgo-Vyatskiy, Uralskiy, and Povolzhskiy rayons, the weather was warmer than usual. It got considerably colder 15-18 November in the Baltics, Belorussia, the Ukraine, Moldavia, Central-Chernozem and Northern Caucasus areas and in the south of the Povolzhskiy areas. The minimal temperature in these areas, and also in the northern half of the Povolzhskiy area, fell to minus 7-15 degrees, and in places to the west of the Ukraine, in the Gomel, Penza, Ulyanovsk, and Kuybyshev oblasts, to minus 16-22 degrees.

Winter grain crops essentially have stopped growing, and toward the end of the 10-day period they were in a state of winter dormancy. In the last days of the 10-day period, a snow cover was formed. Its depth in a large part of the territory of the Volgo-Vyatsk, Central, and Central Chernozem areas, in the west of the Saratov and Penza oblasts, in the Komi ASSR ((Autonomous Soviet Socialist Republic)), and in the north of the Ural area was mainly 7-15 centimeters, and in the remaining part of the European territory, it was less than 5 centimeters. The minimal tillering node temperature of soil of winter grain crops was mainly in the range of from minus 2 degrees to minus 5 degrees.

It was warm for most of the 10-day period in the Transcaucasus republics. Winter grain crops grew for almost the entire 10-day period.

The frosts got milder in the agricultural zones of Western Siberia and in the northern oblasts of Kazakhstan. The minimum air temperatures in the Tyumen and Omsk oblasts and in the northwest of Kazakhstan was minus 7-15 degrees, and on the remaining part of the territory it was 16-24 degrees. There was precipitation everywhere. Its amount in a majority of the rayons was 1-10 millimeters, and in a number of rayons of the Novosibirsk and Kemerovo oblasts and in Altayskiy Kray, it was 11-25 millimeters. The depth of the snow cover increased everywhere, and in a number of rayons of the Novosibirsk, Tomsk, and Kemerovo oblasts, in the east of Omsk Oblast, and in Altayskiy Kray, it was 8-15 centimeters, in places 20-25 centimeters, in Tyumen Oblast and in the west of Omsk Oblast, it was about 5 centimeters. The minimal tillering node temperature of the soil for winter grain crops increased and was principally minus 5-7 degrees. It dropped to minus 16 degrees only in some places in Kemerovo Oblast, which was not dangerous for winter rye crops.

The weather was colder than usual in the republics of Central Asia. Winter grains grew for most of the 10-day period.

#### Early December Situation

904B0073B Moscow SELSKAYA ZHIZN in Russian 7 Dec 89 p 3

[Article by O. Pisarenko, agricultural meteorologist: "Weather and Sowing"]

[Text] Cold weather prevails over most of the European territory of the USSR. The average air temperature in Moldavia, the Ukraine, Belorussia, the Baltics, and in the Northwest, Northern, Central, Volgo-Vyatsk, and Chernozem areas was 3-8 degrees lower than the multi-year average. In the remainder of the areas, the weather was variable and was generally close to the multiyear average for the 10-day period.

The winter grain crops were in a dormant condition under snow cover. The depth of the snow in the Baltics, Belorussia, Moldavia, a large part of the Ukraine, the North Caucasus area, the Lower Volga, to the south of



the Volgo-Vyatskiy area, and also in places in the Kuybyshev and Ulyanovsk oblasts and the Tatar ASSR ((Autonomous Soviet Socialist Republic)) was primarily 6-10 centimeters. The minimal tillering node temperature of the soil for winter grains here remained within a range of minus 1 to minus 4 degrees, and in places from minus 6 to minus 8 degrees. In the Northwestern, Northern, Central, Central Chernozem, and Ural areas, to the north of the Volgo-Vyatsk and Volga area, the depth of the snow cover in fields with winter crops was 11-20 centimeters, and 20-25 centimeters in some places.

In the southern part of the Ukraine, Moldavia, and most of the territory of the North Caucasus area, it got cold at the end of the 10-day period and plant growth stopped. A small snow cover was formed here (less than 5 centimeters). Only in a number of rayons of the Nikolayev, Odessa, and Kherson oblasts, in the west of the Zaporozhye and Crimean oblasts, and in the south of Krasnodarskiy Kray was there no snow. Nor were there any heavy frosts. The minimal tillering node temperature of the soil for a winter grain crop kept within the range of from minus 5 to minus 7 degrees, but in the Crimea and in Krasnodarskiy Kray it was about zero.

It got warmer during 30 November-1 December in the northwestern half of the European territory of the USSR, and during 3-4 December warm weather prevailed over the remaining part of the European territory of the USSR. Thaws occurred in the Northern, Northwestern, Central, Central-Chernozem areas, and in the Baltics, Belorussia, Moldavia, the Ukraine, and in the Krasnodarskiy and Stavropolskiy krays. The warm spell here caused compression of the snow and in some places the melting of the snow cover. In the last few days it got colder again.

In the republics of the Transcaucasus, the weather was variable. The middle of the 10-day period was the warmest. The maximum air temperature increased to 10-15 degrees, and on individual days, to 18 degrees. In this period, winter grain crops were growing. At the end of the 10-day period, it got colder, and active growth stopped. Everywhere, including the subtropical areas of Georgia, at the beginning and the end of the 10-day period, light frosts (minus 1-5 degrees, in the subtropical areas of Georgia to minus 2 degrees, and in the mountainous areas to minus 7-15 degrees) were noted. There was a temporary snow cover in a number of areas.

In the agricultural areas of Western Siberia and in the northern oblasts of Kazakhstan, weather prevailed that was warmer than usual. The average air temperature for the 10-day period was 4-9 degrees higher than the multiyear average. Thaws were noted almost everywhere. Winter grain crops in these areas were in a condition of winter dormancy under snow cover.

The weather was warmer than usual in the republics of Central Asia. The maximum air temperature on different days increased up to 17-26 degrees, and to the southwest of Turkmenia, to 28-3- degrees. The passing

rains replenished the reserve of productive moisture of the arable layer of soil somewhat. For most of the 10-day period, winter grain crops grew over the entire territory of the republics of Central Asia (except for Kirghizia).

## POST-PROCUREMENT PROCESSING

### Defense Conversion for Agro-Industry 'Not So Successful'

90UM0176A Moscow *EKONOMICHESKAYA GAZETA* in Russian No 46, Nov 89 p 10

[Article by N. Dudorov: "Conversion for the Agro-Industry"]

[Text] Although a certain growth has been achieved in recent years in the production of agricultural products in kolkhozes [collective farms] and sovkhozes [state farms], nonetheless, no noticeable increase has occurred in food commodities or their variety on store counters. And in many ways this is explained by the fact that a lot of what is obtained from the fields and farms is lost, not only during transport and storage, but also because of a low level of organization of raw material processing.

The processing industry has turned out to be the weakest link in the agro-industrial complex of the country, inasmuch as appropriate attention was not given to this sector of the economy for a long time. It is no accident, for example, that of the gathered harvest of potatoes, vegetables, and fruit, according to the calculations of specialists, up to 30 percent and more is lost. Animal produce is also not fully utilized by far.

That is why 2 years ago a state-wide program was adopted to provide enterprises of the processing industry with modern equipment. Not much time has passed, but this program is already gathering strength. As is known, enterprises of the ministries of the military-industrial complex have been engaged for the first time for its fulfillment. And this is quite understandable. Because it is precisely here that there is a concentration of the most powerful scientific-technical capability, and it is here that the more prominent designers of collectives work who are capable of resolving any tasks in the development of modern machines and equipment.

The country has been developing a defense capability for many years, not taking costs into account and allocating resources to it at the expense of cutting back on the most critical needs of society. And the Soviet people, in this period of approaching conversion, have a right now to count on the assistance of the indicated branches in resolving the most important socio-economic tasks of perestroika. Unfortunately, the work of the ministries of the defense industries to supply the processing branches of the APK [agro-industrial complex] with the necessary machines, lines and aggregates, and shops for the economy is not moving as successfully as one would like.

I had occasion to be present at a regular meeting of the USSR Council of Ministers State Commission on Military-Industrial Questions where discussions were held on

the results of the activity of enterprises of the defense industry in this direction. In the tables and graphs that were widely displayed there, all indices moved steadily upward. Reporting on the progress of program fulfillment, the managers of branches who spoke cited what appeared to be comforting data on the amount and quality of new types of equipment for milk plants, refrigerators, vegetable storage facilities, and grain mills. But the high rate of growth is associated with the fact that, actually, it goes from a zero level. If you proceed from the real needs in such means of production for the APK processing enterprises, then it is necessary to increase their supply by several times.

The Ministry of General Machine Building, for example, has been instructed to create a large series system of equipment for the output of dry potato puree. Everyone knows what enormous losses of potatoes occur in storage. But only a meager percentage is processed, while in the United States 50 percent of the tubers are processed. Six plants that have promised to initiate enterprises of the aforesaid ministry next year should immediately increase the proportion of potato processing by a factor of six. Then we will finally see food products from this crop on store counters.

Unquestionably, our space industry can sharply improve the counter situation. It has the wherewithal to equip milk plants with first class equipment, to create series production of mini-plants, and to set up a mass conveyor for the production of Russian meat dumplings. But to do this, as the discussion showed at the state committee meeting, in which managers of enterprises, chief designers, and secretaries of party committees participated, will require a closer link with the science and practice of the processing branches.

I.S. Belousov, the chairman of the USSR Council of Ministers State Commission on Military-Industrial Questions, emphasized that the defense complex is in a position fully and in a timely way to ensure a sharp change for the better in the agricultural product processing industry. All that has to be done is to take extraordinary measures today that would respond to that tense situation that has developed in the country with respect to food. Special responsibility is placed on party committees, ministries, enterprises, NII's [scientific research institute] and P.D.'s [design bureau] of the defense industry. The line in the struggle for the better supply of the population with foodstuffs does not pass through agricultural fields and farms only, but here as well.

When something does not succeed in increasing the production of equipment for processing agricultural raw materials, the managers of a number of ministries of the defense complex most often refer to parts-producing factories, suppliers, and interdepartmental partitioning. This was noticeable at the last meeting of the state committee. But if we put the blame on each other, success will not be achieved. It is necessary for the workers of the defense complex themselves to increase

the demands on themselves and to take a more active part in the resolution of tasks for the fulfillment of planned programs.

Of course, it is not possible not to note the progress in this important matter. Dozens of NII's and KB's of the industrial complex have been involved in the creation of equipment for the reconstruction and construction of new APK processing enterprises. Plants of this system fulfill an increasingly greater proportion of orders for equipment for the processing branches, and this year it already constitutes about 30 percent, and it will reach 45 percent next year.

However, for the time being there has not been any radical improvement in the supply of equipment for the APK. Many design organizations are still standing on the sideline and are not participating in the development of these machines and aggregates. Moreover, of the equipment that has been developed and is being supplied no more than 15 percent corresponds to the world level, and an overwhelming part of the equipment is based on obsolete principles, does not guarantee high productivity, and is not distinguished by reliability and the quality of products it produces.

The cost of the newly developed machines and aggregates by collectives of the defense complex frequently exceeds the cost of similar equipment systems produced previously by several times. This places a heavy burden on processing industries, sharply increases the costs of production, and affects their financial results negatively.

When the program for furnishing the processing industry with equipment was being worked on, by far not all parameters were clearly defined as to what and how much had to be supplied. Now the tasks and terms have to be refined, closer contacts have to be established among all branches and departments that are participating in the execution of programs, and relationships have to be arranged with suppliers of components in order to put an end to lack of coordination in this work. It is also important to more fully utilize ties with foreign firms that are engaged in the development and production of similar equipment.

The APK system also has quite a few of its own enterprises for the production of machines for the processing branches. It is also necessary to arrange close contacts with them and to provide every possible assistance in increasing the technical level of their articles. In many industrial centers, various plants are included in the output of machines for the processing branches. This is a sizable reserve for increasing the indicated equipment.

A joining of the efforts of all of the ministries and departments will facilitate the creation of a strong base in the APK processing industry in a very short time, it will sharply increase output, and it will broaden the variety of foodstuffs in the country.

**RSFSR Minister Critiques Grain Storage**

904B0068A Moscow VESTNIK AGROPROMA in Russian No 48, 24 Nov 89 pp 1-2

[Article by N. Golub, RSFSR Minister of Grain Products, as stated to our reporter G. Vasilyev: "On the Road Toward Curtailing Losses"]

[Text] As noted at the March 1989 Plenum of the CPSU Central Committee, each year in the course of harvesting and processing grains, losses reach 15, and sometimes even 20 million tons, in our country. Approximately the same amount is lost during the storage and processing stages. This total equals the amount of grain we procure abroad. One of the important ways to decrease losses is to strengthen the material-technical base for the storage and processing of products. How is this goal being achieved in the Russian Federation, in which a significant portion of domestic grain is produced and procured? What difficulties and problems does it face? All of this is discussed by N. Golub, RSFSR Minister of Grain Products, at the request of our correspondent, G. Vasilyev.

Statistics attest to the fact that today the republic has at its disposal capacities for storing 100 million tons of grain. Is this a large or a small amount? It would be possible to place all of the grain that is cultivated into these storage facilities, but it probably would not be possible to fully preserve the entire amount. The fact is that a significant number of grain reception enterprises have a poor material-technical base. The weighing, unloading, drying and storage enterprises are in need of radical improvements.

In addition, due to the unequal distribution of storage facilities within the region some areas have too many, while in others they are in extremely short supply. To some degree this situation can be explained by the faulty practices of past years, when gigantic elevators with a capacity of 180,000-200,000 tons were primarily built. The erection of such storehouses can be justified to some degree in large grain-producing regions. But after all, a considerable number of them were built in the Non-Chernozem Zone and in the northern part of the RSFSR. Here it would be more efficient to have, instead of one large elevator, 4-5 small ones and to distribute them in every oblast. This would curtail grain shipments and grain losses. After all, often in connection with the shortage of transportation and fuel the dispatch of grain in inaccessible regions becomes much more complicated, which results in setbacks in deliveries of harvest products to grain-reception enterprises and in a partial deterioration of the products.

At the present time we are trying to build storehouses closer to local grain producers. With this goal in mind, during the current five-year plan we are building primarily relatively small elevators with a capacity of 20,000, 30,000 and a maximum of 50,000 tons. This year such granaries have been put into operation in Mysky of

Kemerovo Oblast, Taganrog of Rostov Oblast, Samoylovka of Saratov Oblast, and Aktanysh and Bugulma of the Tatar ASSR...

In addition to decreasing the capacities of the elevators that are being built and distributing them efficiently, we are following a path to build comprehensively-mechanized storehouses with work buildings equipped with equipment that supports the timely reception, drying, cleaning, active ventilation and distance measurement of grain temperature. The building of such storehouses is especially expedient in the Non-Chernozem Zone. They are not large, with a capacity of 2,000-6,000 tons, their cost is relatively small and their building time is short.

Here is one of the plans for a mechanized storage unit with a capacity of 2,000 tons proposed by the planning and design bureau of the Chuvashkhléboprodukt [Chuvash Grain Product] Production Association. The storehouse foundation consists of ferroconcrete posts with a layout of monolithic grills and the attachment of ferroconcrete arms along it. The framework of the wall is made of prefabricated ferroconcrete columns. The body of the wall consists of claydite-concrete panels. Metal and wood girders are used for the installation of the roof and the roofing consists of reinforced asbestos-cement shingles. Projected production cost of the storehouse is about 166,000 rubles. As mechanized sections for the primary processing of grain, similar storehouses facilitate the quality processing of the arriving harvest and its being placed into dependable storage.

The curtailment of losses is directly related to the quality of planning and building, which still gives rise to complaints by operators. For several years elevators have been built using primarily prefabricated voluminous ferroconcrete parts measuring 3 x 3 meters, which do not facilitate the proper sealing capacity. As a result, atmospheric precipitation enters through the vertical seams of the buildings, resulting in an increased moisture content in the grain and in its partial deterioration. Poor sealing of silage elevators does not enable workers to carry out some technological operations, such as active ventilation and gasification, and this creates great difficulties in preserving the stored materials.

The situation is complicated also by the low quality of building work, which is primarily carried out by subsidiaries of Agropromstroy [Agroindustrial Building Association] of RSFSR Gosagroprom and of the RSFSR Non-Chernozem Zone Agroprom. When building elevators they often tolerate gross departures from plans, and violate building norms and the rules for building a foundation, columns, walls and other portions.

At one time it was recognized as essential to curtail the building of elevators from prefabricated parts in a size of 3 x 3 meters and instead to build structures of slab concrete with a silo diameter of 6-9 meters as well as of prefabricated prestressed ferroconcrete with a silo diameter of 6 meters and a structural reinforcement of the horizontal and vertical seams. However, subsidiary



enterprises stubbornly refuse to do this for one reason and another and continue to build elevators according to the old plans with all of their shortcomings.

Meanwhile, as foreign practice demonstrates, the more dependable storage facilities are those that are made of slab concrete. Of course it is simpler for our subsidiary enterprises to build grain-reception enterprises from prefabricated ferroconcrete. At one time complete building instructions were issued for this. Yet we must proceed from concepts dictated by concern for the dependability of future storehouses. Thus it is expedient to gradually renovate existing industries to produce ZhBI [Ferroconcrete articles] and to retool them for producing materials for building elevators from slab concrete. This is the firm position of our ministry which we continue to defend.

We are not satisfied with the faulty practice of introducing a large number of structures at the end of the year, when grain procurement is already past. Things are the same today. Nine months before the peak of procurement, elevators with a total of only 233,000 tons of capacity were put into operation, which is less than the annual plan by a factor of 3. Yet the need for them is great especially during this period, when the new harvest is arriving in grain-reception points in an uninterrupted flow and when it becomes necessary to store a portion of the grain on open platforms. Elevators and other storehouses must be introduced into operation uniformly according to period of the year so that a significant number are ready for the harvest period. And for this subcontractors must create a good building reserve by the beginning of next year and coordinate their work better with the purpose of solving the problem of grain preservation.

After the complaints that have been made against builders, naturally the question arises as to what the collectives of grain reception enterprises, which are directly responsible for the preservation and quality of the procured grain, are themselves doing to deal with the important aforementioned task. During the current five-year plan they are carrying out purposeful work to strengthen the material-technical base of existing elevators, many of which have obsolete equipment that does not meet modern needs. The indicated plans for technical reequipping of our enterprises are overfulfilled in a certain number of areas. In 3 years, 1,383 truck unloaders, 555 highly productive separators, over 100 new railroad car scales, and 160 family shops have been introduced, which exceeds the established goal by 7, 13, and 36 percent and by a factor of 2.7 respectively. Work in this direction is continuing.

Technical reequipping enables us to accelerate grain reception, and its primary processing, to improve the quality of technological operations and thus to considerably curtail harvest losses. This is convincingly attested to by the work results of collectives of elevators in Orenburg, Penza, Omsk and Voronezh oblasts and Krasnodar Kray.

At the elevator located at Razyezd-20 station, Orenburg Oblast, six additional new large-capacity AVS-50M truck unloaders have been installed. In the work tower five elevators have been replaced by new ones with double the productivity. Highly productive transporters have been installed in flow technological lines. On every line there are suction pumps for cleaning dust off the grain that is received. Suction networks have been reconstructed and work conditions have been improved. All of this has provided the opportunity to bring the reception and processing of grain along the flow line up to 7,000-8,000 tons, or to increase productivity by a factor of 3-4. Similar work has been carried out at the Sakmarskiy and Novosergiyevskiy elevators in Orenburg Oblast.

At the Russko-Polyanskiy Elevator of Omsk Oblast, the front for grain reception has been expanded by means of installing six large truck unloaders. In the primary cleaning shop, additional transfer culverts and new bucket elevators have been overhauled. In the work tower, technological equipment has been replaced. To process grain, two unproductive machines for clearing piles of grain have been replaced by four highly efficient separators.

At the same time, in technical reequipping work, the collectives of our enterprises find it necessary to face considerable difficulties. They are the result of the shortage of equipment for elevators, the demand for which is being satisfied by only one-half now. Grain dryers, sample selecting machines, tension and driving belts and large-load truck scales should be placed on the list of items in short supply on a priority basis. The problem of supplying enterprises with electrical technology, automated systems for managing technological processes and units for monitoring the condition of stored grain is urgent.

Previously plants that manufacture equipment for elevators and for other grain-processing enterprises belonged to the system of the former USSR Ministry of Grain Products. Today they are subordinate to the USSR State Commission on Food and Procurements. In connection with this I would like to make a proposal on the expediency of transferring some of these plants located in the Russian Federation to the administration of the RSFSR Ministry of Grain Products. Concentrating their efforts on satisfying the needs of the collectives of grain reception enterprises in the republic would help us to correct the equipment situation.

Strengthening the material-technical base of grain-reception enterprises, their efficient territorial distribution, the building of grain storage facilities of the optimal size and improving building design—undoubtedly, these are the main ways to decide the important task of curtailing grain losses. But the practical experience of leading collectives proves that the problem is dealt with more successfully if this work is carried out according to organizational-economic methodology. Confirmation of this is the preliminary results of the current harvest period.

Grain procurement was carried out successfully in Rostov, Orel, Ryazan, Tula and Moscow oblasts and in Krasnodar and Stavropol krais. The enterprises of these regions have overfulfilled state orders for the sale of grain to the state. This does not have to do only with the fact that a good harvest has been produced. Success has been achieved to a large extent because of the forethought of organization with regard to the delivery, reception and distribution of grain in elevators.

This is not the first year that for the grain harvesting and grain procurement period in the aforementioned regions centers for the management of harvest shipments (TsUP) have been created. With the help of joint hourly schedules, electronic computers and dependable communications they secure the coordinated action of enterprises, truck drivers, workers of the grain-reception enterprise and the uninterrupted delivery, processing and stockpiling of grain for storage. TsUP's enable us to use fewer means of transportation to ship larger quantities of products by means of eliminating idleness during the loading and unloading of the harvest and of accelerating the work of the harvesting-transport conveyor to noticeably curtail losses. Unfortunately, this method has not become widespread everywhere. This is why in some places grain procurement is being prolonged.

How is the current year noteworthy? In comparison to last year the quality of procured grain is notably higher. More strong, valuable and durum wheats earmarked for flour production have been procured; the wheat is used to bake bread of an improved quality and macaroni items. Last year's procurement volume of millet, buckwheat and rye has been surpassed.

In contrast to previous years, new economic methods have been developed for influencing the course of procurement. Thus, the above-plan sale of grain in the Northern Caucasus economic district was stimulated by accounts in foreign currencies. The sale of quality grain was promoted.

A new aspect of procurement practice was the fact that in some places a part of the grain was received directly in the field from the combine. This kind of cooperation of procurers with enterprises enables us to accelerate the harvesting and procurement pace. But for the extensive introduction of the progressive method it is essential to equip our elevators better technically. After all, the moisture of the grain arriving from the fields is higher than that of grain on threshing floors. More time is required to treat the grain and to dry it to the necessary condition.

In the near future, close contact with enterprises and flexibility in work depending on developing harvest conditions must become the norm for the collectives of our enterprises. This is especially important now, when instead of pressure and administrative tactics economic methods are being confirmed in work. This is especially true because state orders for the sale of products to kolkhozes and sovkhoses at the present time are not assigned as directives. This is why the significance of a

careful and thought-out conclusion of contracts with enterprises is growing. In them it is important to foresee strict both-party sanctions for violating obligations related to the schedule for receiving products, to their volume and quality. Unfortunately, not all of our collectives have reorganized their work in accordance with the new order of management, which is having a negative effect on procurement results. In the future we must more actively utilize effective incentives of above-plan procurement such as the sale to enterprises of building materials, machines and equipment that are in short supply.

Under the new management conditions the significance of procurement prices, which have not yet been perfected, also increases. We had to become convinced of this once again in the course of this year's procurement. The fact is that for over 10 years procurement prices have remained unchanged, which is slowing the sale of grain to the state. In my opinion, prices must be flexible to enable procurers to actively influence the course of procurement depending on developing circumstances using procurement prices as a factor. We do not have this right. In particular, this is one of the reasons for the non-fulfillment of state orders for barley.

Meanwhile, if we had the opportunity to vary prices we would be able to alter the existing situation involving barley procurement for the better. Right now it is more advantageous for enterprises to keep their barley and to use it as forage.

The development of economic relations with kolkhozes and sovkhoses, improving procurement prices in addition to strengthening the material-technical base of grain-reception enterprises, will help to increase the procurement of native grain, will decrease losses considerably and will result in less procurement abroad.

### **Produce Transport, Distribution Problems in Ukraine**

#### **Vehicle Problems Impede Transport**

904B0091A Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 32, Aug 89 p 18

[Article by V. Kotelyanets, head of a Sector for Transport Economics at the Ukrainian Scientific Research Institute for Economics and Agricultural Organization imeni A.G. Shlikhter, Doctor of Economic Sciences, professor: "Motor Vehicles for the Harvest"; similar material published in JPRS-UEA-89-039, dated 7 Dec 89]

[Text] In recent years, the workers attached to motor transport enterprises throughout the country have significantly improved the organization of their crop shipments. This has been promoted to a considerable degree by the introduction of centralized shipments during the busy season and by improvements in the work of centers responsible for controlling such shipments. Tsentrovyvoz [centralized shipments] turned out to be most effective in those areas where an elevator, sugar plant or

acceptance point serves as the chief manager for transport operations. This is borne out by the experience accumulated in Saratov, Orenburg and a number of other oblasts in connection with grain shipments.

Each year, prior to harvesting the crops, the workers attached to agricultural organs and motor transport carry out thorough computations on the requirements for trucks, they make plans and thereafter they implement the transferring of vehicles from one oblast to another and quite often to other republics. Naturally, the planned crop productivities are taken into account in these computations when determining the transport volumes. But owing to various reasons, including weather conditions, the actual productivities and gross yields do not conform to the planned figures.

Moreover, other conditions having to do with the condition of the motor transport equipment must be taken into account. In the Ukraine, for example, during the harvest period (July to October), hundreds of thousands of tons of various agricultural freight are transported annually by motor vehicles. At the same time, according to data supplied by the republic's Gosagroprom [State Agro-industrial Committee], approximately 50,000 motor vehicles and roughly 15,000 motor-vehicle trailers remain idle during this period owing to a lack of tires.

A serious situation is developing in connection with the availability of fuel and lubricating materials. Thus, one out of every three and at times one out of every four vehicles in Rovno, Volynsk, Sumy and Vinnitsa oblasts have been unable to operate for this reason.

#### **More Information Is Needed**

Naturally, further information is needed in order to avoid crude mistakes in determining the motor transport requirements. But this work must be started first in the kolkhozes and sovkhozes and also in the zones of the processing enterprises and for product procurements and thereafter in the rayons and oblasts. The motor transport requirements should ideally be computed in terms of vehicles of a definite type, vehicles which are in keeping with the technological and organizational characteristics of the products to be transported. Thus, when transporting grain to a thrashing floor and silage bulk to an ensilage area, the computations should be carried out based upon the use of GAZ-53B or ZIL-MMZ-554M vehicles and when transporting grain to an elevator or sugar beets to beet receiving points—KamAZ-5320 vehicles or ZIL-130 vehicles with trailers. Certainly, other types of vehicles will be employed for the harvest operations, but no difficulties should be encountered in making the appropriate changes.

Such an approach will be directed towards utilizing motor vehicles with good freight carrying capabilities and motor vehicle trains and this will make it possible to reduce considerably the inter-oblast transferring of motor transport vehicles. It bears mentioning that the additional expenses for operating the motor vehicles, for improving their parking areas, for temporary duty expenditures and for other expenses associated with

inter-oblast transfers of vehicles amount on the average to 400-600 rubles per vehicle.

For some time now, the production workers have opposed excessive transfers of motor transport vehicles, since they have an adverse effect on those who come to carry out the harvest work and also upon those for whom the work is being carried out. The consumer approach in the case of requests for the sending of motor vehicles quite often is not reinforced by economic computations. Here we see the effect primarily of decades of neglect in accounting for transport expenditures in the national economy generally and especially in agricultural production.

In analyzing the expenses for delivering the crops, attention should be directed to the fact that the use of vehicles with good freight carrying capability and motor vehicle trains is making it possible, compared to the use of vehicles with average freight-carrying capability (GAZ-53A type), to lower expenditures for the transporting of products by a factor of one and a half to two. And here the labor productivity of the drivers is raised by a factor of three to three and a half. This is why the requirement for vehicles for transporting grain, for example, to the procurement points, must be calculated with KamAZ-5320 vehicles or ZIL-130 vehicles with trailers in mind.

Here it is appropriate to mention that the use of the indicated vehicles ensures a high profitability level for the transporting of products. Thus, when delivering grain and sugar beets over a distance of 30 kilometers in KamAZ-5320 vehicles with trailers, even under rural road conditions, the profitability amounts to 20-30 percent. On the other hand, if use is made of vehicles with average (or especially low) freight-carrying capability, even over a distance of 15-20 kilometers, the work is unprofitable. Nevertheless, last year we still encountered GAZ-53A and GAZ-53B vehicles at the grain receiving and even beet receiving points. This results in excessive expenditures for labor and resources for delivering the crops. And certainly there can be no justification for bringing such vehicles from other oblasts for harvesting the crops.

#### **In Order To Master the Situation**

The Gonorovskiy, Kamyanskiy and some other sugar plants in Cherkassy Oblast serve as good examples in the organization of control over crop shipments. Here the staffs of the transport management are solving all of the problems that arise in an efficient manner, since they have complete information on the accumulation of beets out on the fields and the volumes to be transported. The staff has a working group at its disposal which includes dispatchers for the motor transport establishments concerned with the transporting of beets.

At the Kamyanskiy Sugar Plant, which several years ago was the first to organize the centralized shipping of beets, they now use approximately 100 fewer motor vehicles during a season. The daily output per three-ton motor vehicle has increased from 11 to 25 tons. But the main effect is achieved as a result of reducing the amount of



time between the digging up and shipping of the roots. Thanks to this factor, 150-200 additional kilograms of sugar are obtained from every 1,000 tons of beets.

Under the conditions imposed by the introduction of complete cost accounting and self-financing, the procurement points, elevators and sugar plants must not only determine in a thorough manner the requirements for trucks in their zones and pay for all of the transport services, but in addition they must ensure the efficient use of their rolling stock. During the period of unfavorable weather conditions, each oblast must have a reserve of motor vehicles drawn from those being used in other spheres of the APK [agro-industrial complex] and also in the branches of industry.

One of the principal factors for reducing the various types of idle time is that of organizing rhythmic transport loading operations and coordinated work between transport and the receiving points. All of this raises a need for merging into one technological process the work of agricultural machines and mechanisms, loaders, transport and the produce acceptance points. This is achieved by preparing an hourly schedule. Many oblasts possess motor transport operational experience in the shipping of crops based upon hourly schedules. But this progressive method is still not being employed on an extensive scale. Why is this? The chief reason lies in the fact that the existence of unavoidable farming peculiarities tends to complicate the operation of the machines and mechanisms. When schedules are prepared, all elements of the transport process are controlled in a rather detailed manner, both at a factory or at a plant. Accurate times are established for each run or trip. But in actual practice, this time is often changed owing to organizational discrepancies out on the fields or low operational reliability of the harvesting equipment and loaders, caused by changing weather conditions.

Thus the schedules should ideally be prepared taking into account the possible deviations in time for one run or trip. Depending upon the specific conditions, the time period for the arrival of vehicles at the receiving point should range from 10 to 20 minutes. Experience also indicates that the schedules for the arrival of vehicles at the acceptance points must be corrected daily.

#### **A Schedule Is Not A Tribute To Style**

In some areas, the preparation of a schedule is viewed as a tribute to style. But a summary of experience reveals that in the absence of well developed schedules for the delivery of products to receiving points, it is impossible to ensure highly productive use of transport equipment.

In addition to motor transport vehicles, a considerable portion of the products is transported by means of tractors during the crop harvesting period. The ratio between automobile and tractor transport is dependent upon the peculiarities of the technology employed in carrying out the harvesting-transport operations, the availability of transport equipment, road conditions, existing traditions and other factors. But since many millions of tons of freight are transported by means of

tractors, especially from the harvesting assemblies, a need exists here for finding reserves for reducing the expenditures of labor and resources. And such reserves are available. Thus the MTZ-type [Minsk Tractor Plant] tractors are well recommended for moving products from the harvesting assemblies over short distances. But as a rule they are being ganged with 4-ton trailers. In the process, the hauling capability of the tractors is not being utilized fully and thus the operational efficiency of the tractor pool remains low.

The thought was raised long ago of having the manufacturing plants convert over from the production of 4-ton trailers to the production of 6 or 7-ton trailers for ganging with tractors of the 1.4 ton class. But the leaders of the industrial enterprises are not paying any heed to this. And indeed the ganging of 1.4-ton class tractors with 6-ton trailers will make it possible to raise labor productivity in transport operations by 40-45 percent, to lower the costs for shipping freight by 20-30 percent and to reduce fuel expenditures.

Naturally, it will not be possible to manufacture the required number of such trailers, for ganging with MTZ type tractors, prior to this year's harvest. But any delay in resolving this problem must be viewed as causing economic harm to agriculture. Actually, hundreds of thousands of MTZ and YuMZ tractors are in operation at kolkhozes and sovkhoses throughout the country and not only for harvesting crops, but also for delivering feed to the farms, moving farmyard manure out onto the fields and for transporting various types of freight during the period of bad roads. Their efficient use will produce good results.

#### **Problems Addressed**

904B0091B Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 49, Dec 89 p 11

[Article by V. Vlasenko, deputy chief of the Transport Administration for the Ukrainian Gosagroprom: "Departmental Isolation"]

[Text] In the article entitled "Motor Vehicles for the Harvest" (Issue No. 32), very serious problems were discussed. I would like to continue the discussion of this subject. At the present time, transport belongs to eight independent departments—agrostroy, selkhozkhimiya, agropromsnab, repair-transport enterprises, inter-farm organizations, kolkhozes, sovkhoses, selenergo, processing enterprises and others. The oblagroproms [oblast agro-industrial committees] are not exercising their rights with regard to the formation of a single administrative structure for transport. As a result, approximately 11,000 motor pools (excluding kolkhozes and sovkhoses) are operating in a parallel manner and hindering one another's operations in 480 rayons throughout the republic, with an average of 22 motor pools in the rayon center. Sixty-eight percent of these motor pools operate less than 25 motor vehicles. Their operations are not

being coordinated and this is encouraging cross hauls and empty runs, with no control being exercised over vehicle operations.

Intra-departmental isolation and the absence of a unified system for planning and coordination precludes the possibility of making efficient use of the existing and huge transport potential. According to statistical accounting data, the productivity of vehicles on small farms is 40 percent lower and the production costs for shipments and fuel expenditures are higher by a factor of 1.5-2 than those at large motor transport enterprises. The transport of selkhozkhimiya, agrosnab, agropromstroy and hundreds of inter-farm and inter-kolkhoz organizations for all practical purposes does not participate in the harvesting-transport process and even during the peak period it is deprived of almost 100,000 motor vehicles.

The policies of the procurement and processing enterprises, the majority of which are not equipped with effective weight-measuring equipment, loading and unloading items of equipment or modern laboratory equipment for determining the quality of raw materials are hindering the development of centralized shipments of agricultural products. The lines and confusion which develop at the gates of subordinate enterprises suits them, since against this background it is easier to arrange their own well-being, while artificially lowering the quality of the agricultural products. For example, quality is on the decline at the grain receiving points, and moisture content and weediness are increasing. The same holds true at beet receiving points, and at creameries the acidity and fat content of the products are being determined in a subjective manner.

Great losses have taken place in our transport potential, owing to a lack of guaranteed deliveries of spare parts, motor vehicle tires, batteries and others. This has also been promoted by departmental isolation of the motor pools. Roughly 50,000-55,000 motor vehicles and 14,000-16,000 motor vehicle trailers are idle each day, owing to a lack of motor vehicle tires alone.

A proposal is presently being made in the republic calling for the creation of a network of large specialized enterprises for providing complete transport services for the APK by means of an optimum concentration of transport equipment (mainly large cargo and special motor vehicles and motor vehicle trains, loading and unloading mechanisms and highway equipment), transport sub-units (especially small ones) included in the agro-industrial complex of a rayon and operating only in its interests based upon the existing flow of freight.

The motor vehicles of kolkhozes and sovkhoses remain on their balance as intra-farm technological transport. A special control center is responsible for coordinating transport operations. This will make it possible to merge the production, processing and sale of products into a single entity and to lower the material and labor expenditures and, in the final analysis, the production costs for the products.

The centralization of shipments alone will make it possible to reduce the transport expenditures of farms by 260-280 million rubles.

### Complaints To Moscow Leaders

904B0091C Kiev PRAVDA UKRAINY in Russian  
4 Nov 89 p 4

[Article by Agro-Industrial Department of PRAVDA UKRAINY: "Crops Rot Out On the Fields"]

[Text] Crops rot in the fields while thousands of motor vehicles stand idle with empty tanks.

An open letter to the deputy chairman of the USSR Council of Ministers and chairman of USSR Gosnab, Comrade P.I. Mostov, and USSR Minister of Railways, Comrade N.S. Konarev.

Dear Comrades:

The numerous alarming letters sent in by readers and the telephone calls to the Editorial Board by agricultural workers in connection with the situation which arose during the final stage of the autumn field work have given us cause for publicly addressing you. Tractors and motor vehicles have ceased operations on many farms, owing to shortages in petroleum products.

The situation is especially alarming in the beet growing oblasts. A fine crop is at hand. For the first time in many years, a real opportunity exists for fulfilling the procurement plan for the raw materials needed for sugar production. Moreover, as indicated by "Ukrsvetklosakhagroprom" specialists, against a state order calling for 44 million tons of beets the farms of the Ukraine are capable of selling more than 48 million tons. This represents thousands of additional tons of sugar.

But the hopes of the agricultural workers may not be justified if corrective action is not undertaken on an urgent basis directed towards supplying the farms with gasoline and diesel fuel. Indeed, petroleum products for thousands and thousands of beet carrying vehicles are being allocated literally in terms of drops. More vehicles are lying idle than are in operation. At the same time, approximately 4 million tons of roots have been placed in clamps on plantations throughout the republic. A portion of the crop has been lying out on the fields for several weeks. Every 24-hour period represents an average loss of 1 percent of the entire crop. It would appear that a minimum of 40,000 tons of raw materials are being irretrievably lost each day. And this represents hundreds and thousands of tons of sugar. So much for our deficit!

An especially alarming situation has developed in Vinnytsa Oblast. Approximately 1 million tons of roots have accumulated out on the open fields here. And at the same time, 4,500 motor vehicles are lying idle with empty tanks. Similar situations exist in Khmelnytskyi, Ternopol and Rovno oblasts.

Owing to a shortage of fuel, the program for the harvesting of corn and autumn plowing came to a halt. And indeed if not today then tomorrow frost will be at hand.

The agricultural workers of the Ukraine are addressing strong complaints against the planning organs, the railroad workers and petroleum refiners. During October, the republic failed to receive 200,000 tons of motor vehicle gasoline from the available funds. Enterprises in the Russian Federation fell short in their deliveries by 2,535 tank cars, and enterprises in Belorussia—by 1,041.

The reasons—weak planning and executive discipline. We cannot pass this off lightly. For example, the agricultural workers of the Ukraine cannot understand exactly what guides USSR Gosnab when, in the face of a severe shortage of petroleum products throughout the republic, a decision is suddenly made to reduce the miserly funds for November by 140,000 tons in the case of motor vehicle gasoline and by 120,000 tons of diesel fuel.

A lack of coordination in the work being carried out by the railroad workers is becoming readily apparent. As the saying goes, the transport workers have thrown a spoke in the wheels of the "Ukrnesteckhimpromerabotka" enterprises. The failure to supply tank cars for loading and a severe shortage of such tank cars throughout the Ukraine are having an adverse effect on the work of the republic's agro-industrial complex aimed at increasing the production of food products.

A need exists for your urgent intervention in this situation.

### **UkSSR Sugar Beet Harvest Plagued by Transport Problems**

#### **Freight Cars Not Available**

904B0029A Moscow TRUD in Russian 15 Oct 89 p 1

[Article by S. Prokopchuk, correspondent: "Railroad Cars Continue To Be in Short Supply: An Extraordinary Situation"]

[Text] Kiev—The telephones at the correspondents' center in Kiev were ringing off their hooks from calls by readers. Why is it impossible to buy sugar even using coupons? Where is the soap, which is now being purchased abroad even more than previously?

One of the reasons for such a situation was cited to me yesterday by G. Zagorodnyi, UkSSR deputy chairman of Gosagroprom and chief of this republic's Glavpishcheprom [Main Administration for the Food Industry]:

"Due to the shortage of railroad cars for loading at the Ukraine's sugar mills, 700,000 tons of sugar have piled up. Unless this situation changes, another 30 mills, following the example of the Berdichev Mill, will be compelled to shut down their operations. The ware-

houses are filled to overflowing. Refined sugar cannot be stacked outdoors in the autumn rains! And more than 1500 tons of soap are waiting to be shipped out from the soap-and-fats combines; this is precisely the amount which is now short on the store shelves."

But, of course, there are railroad cars. And sometimes they are practically next door, at a neighboring institution. But they have not been unloaded. Because of poor organization of the task at hand, the failure to utilize a very powerful reserve—the second and third shifts, a shortage of unloading zones, and an extremely worn-out, obsolete crane system. At the present time, as I was told by K. Masik, chairman of the UkSSR Council of Ministers, due to these and other reasons, more than 1300 railroad cars are not being unloaded every day on this republic's railroads.

But what are the trade unions undertaking to do in response to the appeal by the AUCCTU?

"Together with the managers, we are organizing round-the-clock loading-and-unloading operations and work with transport means," I was told by V. Sologub, chairman of the Ukrsovprom [Ukrainian Trade Union Council]. "We are drawing upon additional manpower from enterprises and organizations, as well as educational institutions, getting them to come to the loading docks of stations and ports, as well as to the containerized freight areas. We are paying particular attention to creating the necessary conditions, wages, and incentives to work in these extreme situations, and, in case of necessity, we are organizing round-the-clock food services at all work places. We have assigned the workers' control of the trade unions the task of seeing to it that everything which has now been piled up at ports and railroad stations, particularly the food products and imported goods, reaches the working people rather than getting into the hands of various middle-men, second-hand dealers, and speculators. We cannot do this without close cooperation with the police."

"What problems have you already encountered?"

"Let's say, for example, that in order to process such an enormous mass of goods as has piled up in the ports of Odessa Oblast (280,000 tons), it is necessary to attract a large number of workers from other enterprises and even other regions. And this means that work schedules have to be changed and, that, of course, there must be an automatic increase in overtime work and work on what would normally be days off. This, in turn, leads to a corresponding increase in the wage fund. So that later the financial organs, guided by the well-known government decree on taxation, not block the supplementary payments which are inevitable, the AUCCTU and the USSR Council of Ministers must, even now, provide precise indications, instructions, and explanations. In our opinion, these operations must be relegated to the category of truly "extraordinary situations."



### Attendant Processing Delays

904B0029B Moscow SELSKAYA ZHIZN in Russian  
26 Oct 89 p 1

[Article by A. Gorobets, division chief, PRAVDA UKRAINY: "That's the Way the Sugar Shortage Has Been Created: A shrill Signal"]

[Text] More than 700,000 tons of sugar are presently piled up in the warehouses of Ukrainian enterprises, and the confectionery factories are stopping production due to the shortage of raw materials.

The Ukraine's kolkhozes and sovkhozes this year have grown a fine crop of beet roots, and they are able to increase their deliveries of sugar. But...in the republic today there are 31 sugar mills which are on the brink of shutting down their operations. All the warehouses are literally chock-full of bags of this product. At the Turbovskiy and Yuzefo-Nikolayevskiy enterprise in Vinnytsa and Lvov oblasts respectively, as well as at the Lokhvitskiy Enterprise in Poltava Oblast, sugar has begun to be stored in bunches under tarpaulins or plastic films right on the street.

Here is a telegram which arrived at the Ukrsvetkloskharagroprom from the director of the Berdichev Refined Sugar Mill: "The warehouse and working areas, the passages between the equipment, the enterprise's office, and the director's private office are all packed with the finished product. The mill's operations have come to a halt. The workers are indignant at the failure to supply enough railroad cars. At the height of the season the collective has been left with nothing to do."

The Berdichev Mill is the third one which has halted production due to an inability to ship out the finished product. The Druzhbinsk and Krasnozvezensk mills are on the brink of halting production. Like the Berdichev Mill, they are serviced by the Southwestern Railroad.

G. Zagorodniy, the deputy chairman of the UkSSR Gosagroprom, clarified matters as follows: "More than 700,000 tons of the finished product have piled up at this republic's sugar-refining mills in toto. Every day we receive dozens of telegrams from oblasts and cities of the Russian Federation, Belorussia, and the Baltic republics, stating that they have nothing to trade for the coupons and that their confectionery factories are halting operations. They are literally groaning: 'Help us!' But how can we. During September and October our enterprises have been 2080 freight cars short."

But here is something which is surprising. A few days ago the UkSSR conducted a plant-breeders conference at which it was explained that most of the freight cars during the third quarter of the current year have been standing idle at enterprises of this very republic's Gosagroprom. These losses have exceeded 18,000 (!) freight cars.

This republic's Gosagroprom has not been able to receive potatoes on schedule, primarily in Donetsk, Crimean, and Voroshilovgrad oblasts. The nighttime

unloading of freight cars was not organized, nor were equipment and motor-truck transport allocated in sufficient amounts. In Donetsk and Voroshilovgrad oblasts alone on certain days 200 or more freight cars were left unloaded in each oblast. Matters are also in bad shape with regard to unloading other products. Here is a specific instance. As far back as 6 September, two five-car sections loaded with eggs arrived at the Pervomaysk-na-Bug Station with their final destination being the Pervomaysk Meat Combine, Nikolayevsk Oblast. To this very day they are still standing on the sidings. Such negligence has also been one of the reasons why thousands of tons of products in short supply have turned out to be in the sugar dead end.

### Uzbekistan Faces Processing, Storage Problems

#### Editorial on Problems

904B0104A Tashkent SELSKAYA PRAVDA in Russian  
05 Oct 89 p 1

[Unsigned editorial: "More Attention to Storage and Processing Facilities"]

[Text] More than a year has passed since the 11th Plenum of the Uzbekistan CP Central Committee, which defined the urgent tasks of the republic's party, soviet, and economic authorities in improving the food supply to the public. As the facts show, some favorable results have been achieved in that time. The principal one is that the output of foodstuffs has begun to exceed the rate of population growth. In the republic as a whole, investment policy has undergone essential reassessment, and a specific result of this is activation of storage and processing facilities for farm products that is faster than before. In Tashkent, Andizhan, and Namangan Oblasts, a vigorous and effective effort is being made to set up small canning shops and a network of storage facilities on the farms themselves. Over the last 1.5 years, kolkhozes and sovkhozes in those oblasts have managed to start up 23 production operations for the production of canned fruit and vegetables. There has been fairly good assimilation of capital investments to expand the procurement network and processing industry within Uzbekbriyash. Within that system, the 3-year targets for activation of canning plants and vegetable storage facilities have been overfulfilled. Some success has also been achieved in a number of other directions in the food complex.

Of course, all of this is mainly the result of the altered attitude on the part of a number of party, soviet, and economic entities toward the problems of food supply to the public. Some of them are effectively changing priorities in their everyday activity, concentrating their attention mainly on satisfying the everyday needs of the workers. But if we are to speak about the republic as a whole, the changes are not noticeable, the workers still face half-empty shelves in the food stores of the state trade and consumer cooperative systems, and they feel the shortage of meat, oil, milk, and other foodstuffs. All of this is, of course, evoking justified dissatisfaction on

the part of the public, which is tired of waiting for tangible constructive change. The unremitting acuteness of this problem was the topic of analysis at the 17th Plenum of the Uzbekistan CP Central Committee, which discussed the question of progress in carrying out the decisions of the 11th Plenum of the CC concerning improvement of the food supply to the public and development of facilities for storing and processing agricultural products in the republic.

The plenum noted that performance of the measures which have been outlined is far behind schedule. The paramount tasks include creation of a highly developed capacity for storing farm products and capacities for processing them sufficient to bring the entire output of fields and livestock-raising projects to the worker's table. These figures indicate how important this is: 1.5 million tons of fruit and vegetables, grapes and potatoes, i.e., 25-30 percent of the total volume of the products produced, are lost in shipment, storage, and processing. It was noted at the plenum that merely cutting these losses in half would make it possible to increase food reserves by 600,000-800,000 tons, which is equivalent to expanding the area planted by 50,000-60,000 hectares.

It would seem that such scandalous facts would have to act like a whip on those branches and their managers which are involved in the construction and reconstruction of storage and processing facilities for farm products. But various kinds of discrepancies have to be confronted constantly, and they are the reasons why plans for construction and installation work are not being fulfilled and deadlines for activation of facilities are not being met. Last year, resources allocated for construction of vegetable and fruit storage facilities were not altogether assimilated in Kashka Darya, Samarkand, and Syr Darya Oblasts, in the city of Tashkent, and also in milling and mixed-feed enterprises in various regions of the republic. Nor is the situation being corrected this year. To be specific, targets are not being met for construction of enterprises of the food industry and storage facilities for fruit and vegetables in Khorezm Oblast and Karakalpak ASSR. In all, 17 million rubles of capital investments envisaged for construction and reconstruction of projects in the food complex went unassimilated last year and the 1st half of this year.

The state of affairs in this area of the economy arouses particular alarm because the fundamental decisions of the Uzbekistan CP Central Committee and the Government of Uzbekistan have created real possibilities in the republic for a sharp increase in the production of fruit and vegetables. As is well-known, an effort has begun to substantially enlarge the farming operations of kolkhoz and sovkhoz workers, and leasing relations and cooperative forms of work are being vigorously introduced. Calculations show that we can expect a growth of almost 600,000 tons of fruit and vegetables even over the next 2 or 3 years. During that time, there must be a minimum 1.5-fold growth of the capacity of canning plants and shops alone.

If party and economic authorities are unable in the immediate future to sharply augment capacities for storage and processing of agricultural products, all the efforts of the republic party organization to solve the food problem will fail to yield practical results. Consequently, there will be no progress on political issues either. That is why the problem under consideration was described by the plenum as extremely important not only from the economic, but also from the political standpoint. The level of party guidance within the branches of the agroindustrial complex must also conform to this statement of the issue. Today, we unfortunately have to make the observation that many party committees are themselves not attributing priority importance to the development of food branches and have not been able to give the proper orientation to managers and specialists. Often, instead of making a thorough study of the problems that are arising, the party committees conduct assemblies of various kinds with their persistent appeals, scoldings, and punishments. Put differently, the practice of substituting noisy "measures" involving a great many people for actual deeds is continuing.

In Samarkand Oblast, quite a few problems have accumulated concerning facilities for processing agricultural products. This oblast, which possesses substantial amounts of fruit, vegetables, and grapes for raw materials, is feeling an acute shortage of storage facilities and processing enterprises. Plans for construction and installation work are constantly falling short of fulfillment. Even in this acute situation the party obkom and oblispolkom have not been issuing a fundamental assessment to the managers who are to blame for failure to carry out the measures which have been outlined. Shortcomings of this kind are also typical of the Syr Darya, Karakalpak, and Khorezm party obkoms.

Solving the basic food problems successfully means enhancing the authority of the party and the soviets, bolstering confidence in them on the part of the broad masses of workers. Those party committees which are leading their collectives step by step toward a sufficiency of food are serving their own community and the people in general, and are placing man, his needs and aspirations, at the center of their attention. By contrast, wherever these problems are not being solved, party committees are unable to count on people's support and trust.

#### **Increase in Capacity Discussed**

904B0104B Tashkent SELSKOYE KHOZYAYSTVO  
UZBEKISTANA in Russian No 10, Oct 89 pp 2-4

[Article by Kh. Yuldashev, instructor of the agricultural department of the Uzbekistan CP Central Committee: "Reserves for Storage of the Harvest"]

[Text] Large-scale measures to further strengthen and develop agricultural production and to augment food resources have been carried out in the country in recent years. An important potential for augmenting these

resources lies in reducing losses of products during harvesting, shipment, storage, and processing.

According to data of USSR Goskomstat, the volume of losses of agricultural products in the process of their storage and sale amounts to 800-900 million rubles a year (at retail prices). Sufficient quantities of fruits and vegetables are produced in the country, but at best a third of the harvest is preserved along the road from the field to the shelf. Even what the agricultural sector is producing today, if it were stored and shipped properly and thoroughly processed, could meet people's needs for larger amounts and better quality.

It was noted at the March (1989) Plenum of the CPSU Central Committee that mismanagement wastes as much as 20 percent, and for certain products—30-40 percent, of all that is produced in agriculture.

As emphasized in the Congress of People's Deputies, all efforts to augment agricultural output simply cease to have meaning unless the problems of speeding up development of storage and processing facilities are solved.

Development of facilities for storage and processing of agricultural products, development of food machinebuilding, and creation of an up-to-date food industry are the most urgent tasks of the day. Over the period 1988-1995, sizable resources are being committed to those purposes—77 billion rubles.

At the present time, only a fifth of the gross harvest of fruit and vegetables and 1 percent of the potatoes are being processed in our country, whereas in other advanced countries more than 40 percent of fruit and vegetables and almost half of the potatoes are processed. Scientists have calculated: the annual per capita requirement is 102 standard cans of fruit and vegetables. Our industry has not come up even to half of that volume. In our country, the annual per capita output is only 42 standard cans of fruit and vegetables and very little fast-frozen produce and potato products. The well-developed processing industry in the Western countries determines to a substantial degree the high level of the population's consumption of fruit and vegetables in the wintertime and early spring. If the country's population is to be furnished fruit and vegetables to meet optimum nutritional standards, the output of canned fruit and vegetables has to be increased from 14 to 23 billion standard cans per year.

Processing plants are to be brought closer to production points in order to utilize the raw material more fully and sharply reduce losses in transport. This is one of the main directions for development of the processing industry at the present time. It is a question of rapidly boosting capacity thanks to small enterprises, which, unlike the gigantic combines and plants, require considerably less material costs and time. Small shops with an annual output of 3-5 million standard cans must be built on kolkhozes and sovkhozes.

Certain constructive shifts in the operation of the processing branches have been outlined in Uzbekistan.

More than 10 new canning plants and small shops have been activated in 1986 and 1987, a number of automatic lines have been installed for the production of tomatoes and juices with a total capacity of 225 million standard cans per year. The capacity of canning plants reached 1.2 billion standard cans of canned products per year by the end of last year. The index of capacity utilization of existing enterprises rose from 77 to 90 percent. Calculations show that the output of canned goods by enterprises of UzSSR Gosagroprom in 1990 reached the level envisaged by the Food Program—1.2 billion standard cans. This is 1.5-fold more than the indicators for 1985. Fifteen new types of canned goods will be put into volume production, their total assortment will run to 140 designations, including: natural salads, pectin concentrate, food color made from the hollyhock, 13 types of fine juices and fruit and pumpkin beverages.

But the production capacities of the branch in the republic do not allow for reaching the level of the target set by the decree of the CPSU Central Committee and USSR Council of Ministers dated 19 December 1985, which set the volume of canned fruits and vegetables in 1990 at 1.6 billion standard cans. That volume of production cannot be reached without sizable addition of new capacities through reconstruction of existing enterprises and construction of new ones. The main factor holding back development of the branch is the lack of equipment and complete processing lines for the production of compotes, jams, preserves, and juices. Of the 59 production lines at wineries, the enterprises themselves have used their own people to retool 36 for the production of natural juices and beverages. In 1986, 78 million standard cans of juices were produced from the grapes no longer used for making wine; a year later output had already more than doubled—176 million, and in 1990 plans call for producing 300 million standard cans. Thus, per capita consumption of natural juices increased from 3.6 to 6.4 standard cans per year.

At the present time, per capita output of canned goods is 55 standard cans per year, and if we take into account that more than half of this consists of tomato paste and that a substantial portion of the output is shipped outside the republic, then per capita consumption of natural canned products—compotes, marinades, salads, and appetizers—does not exceed 3 or 4 standard cans per year. The share of canned goods for children does not exceed 2 or 3 percent.

Development of the republic's food industry, as has been the case in the country as a whole, was seriously damaged by the erroneous orientation toward construction of giant oil plants and large-scale wine-making and canning enterprises in oblast centers and large cities far from the principal zone that is the source of the raw material. For a long time, no attention was paid to reconstruction and timely updating of manufacturing equipment of enterprises, nor to construction of small production operations for processing fruits and vegetables right on kolkhozes and sovkhozes and to development of a network of storage facilities and refrigerated facilities. This



branch has ended up in a neglected state. For years, problems have accumulated in it and have not been solved. In many regions growing vegetables, a disproportion has built up between the production of the agricultural raw material and capacities for processing it.

In rural localities and small cities, there is still an acute shortage of capacities for processing milk, fruit and vegetables, and for the production of confections and fish products. The dairy industry has been heavily overloaded, especially canning plants in the summertime. Such ugly things as lines of trucks with tomatoes, inefficiently hauling tomatoes a distance of 20-80 km, which results in inevitable losses, have still not been corrected.

This trend has now been halted, the policy of locating capacities for processing fruit and vegetables has been revised on behalf of concentrating them exclusively at production points by expanding enterprise branches and mainly by building small plants and shops right on the farms. A decision calls for building 120 such production operations by 1995; at the present time 16 shops are already in operation on farms to produce natural canned vegetables, compotes, and other products.

On the suburban Kolkhoz imeni K. Marks in Tashkentskiy Rayon, an average of 500-600 tons of fruit and vegetables were lost to spoilage every year. In 1987, they built a canning shop there with a capacity of 5 million standard cans. It has already yielded 300,000 rubles of additional profit and has made it possible to sharply reduce product loss. The experience of the kolkhoz has proved in practice that the time has come when the processing facility has to be moved to the field. This reduces losses in shipment and makes it possible to make use even of what is referred to as substandard produce.

On many farms in Andizhan and Khorezm Oblasts, they have had an opportunity to see the advantages of small-capacity shops. It has accordingly become necessary to develop modules of highly productive canning plants accessible in price for kolkhozes, sovkhoses, and subsidiary farming operations of nonagricultural enterprises and organizations.

A program for accelerated development of the food industry has now been drafted and is being carried out in the country, as is well-known. Enterprises in the defense industry and the machinebuilding complex have been enlisted to carry it out.

In this connection, there are plans in Uzbekistan to build new enterprises and to retool and rebuild existing ones over the next 8 years. Plans call for adding 28,000 tons of capacity for the production of margarine, 25.3 million dekaliters of capacity for nonalcoholic beverages, capacity for 9,000 tons of baker's yeast per year, 300,000 tons of meat per day, 53 tons of sausage products per day, 800 tons of whole-milk products, and 25 tons of ice cream per shift. In the fruit and vegetable branch, capacities for the production of canned goods are to be increased by 454 million standard cans. The assortment of canned goods will be substantially expanded, especially for babies and infants.

In recent years, the republic has purchased imported production lines for the production of food products. They include three Italian-American lines for the drying and in-plant processing of raisins. Activating them will make it possible to increase production capacity to 54,000 tons per year. A Swedish production line for bulk margarine has a capacity of 22,000 tons per year. Plans for the very near future call for installing seven Soviet-made lines for drying vegetables with an aggregate capacity of 630 kg per hour.

The republic does not possess a sufficient capacity for the production of wrapping and packaging materials. The plants that exist at the disposition of Gossnab and Gosagroprom have small capacity, their technology is outdated, and they produce only corrugated cardboard, tin cans, crates for fruit and vegetables, and a small number of polyethylene crates. There is no centralized printing enterprise to make colored labels. There is a plan to build three enterprises in Tashkent and Samarkand Oblasts during the next FYP. They will make it possible to solve these problems completely.

In the system of the republic's agroindustrial complex, there are 26 dairy plants operating with a capacity of 1,050 tons of whole-milk products per shift. They produce about 600,000 tons of products per year. By the end of the current FYP, thanks to construction of new enterprises and reconstruction and expansion of existing ones, the annual volume of output will be raised to 700,000 tons, which amounts to about 80 kg per year per urban inhabitant, while the recommended rate of consumption is 94 kg. Consequently, plant capacity has to be increased another 750-800 tons per shift.

At the present time, the output of fat-free and low-fat products represents only 25 percent of the total volume of whole-milk products. The republic occupies one of the last places in the country with respect to this indicator. Milk resources make it possible to double or triple the output of this product assortment over the next 2-3 years.

The experience of the Novocherkassk, Tbilisi, Belgorod, Orel, and Podolsk milk processing plants also deserves attention; they have installed a waste-free technology, and from every ton of milk they manufacture 60 or more different products with a value of 320-360 rubles. If the operation of these collectives is taken as a benchmark and their experience is applied in the republic, then it would be possible to obtain 15-18 million rubles of additional output.

The meat processing branch also possesses large untapped potential. Calculations show that by eliminating losses in the shipment of livestock it would be possible to increase annual output of meat products by an additional 19-23 percent.

Improvement of the management of the agroindustrial complex, its organizational restructuring, is helping to speed up development of the food branches.

For example, the Almalyk party gorkom and gorispolkom have been carrying out measure after measure to strengthen the organizational effort at enterprises, have been encouraging the initiative and enterprise of managers to retool production, to use the raw food thriftily and economically, and to improve the quality and assortment of foodstuffs. At the present time, 75 percent of the city's food enterprises are operating entirely under a leasing contract. Waste-free and intensive processing of by-products, whey into high-quality food has been introduced in the meat combine and milk processing plant; this year its output and sales will amount to nearly 500,000 rubles. The wages of workers and the income of enterprises have grown substantially. For instance, the volume of output at the beer and lemonade plant rose 21 percent in 1988 alone, and the growth rate of labor productivity is twice as high as the rise of wages. The output of refreshing beverages in the first 4 months of the year increased 1.4-fold over the corresponding period of last year, and enterprise income rose 37 percent. At the meat combine, a technology has been installed for manufacturing meat products from secondary raw materials previously used mainly to meet the needs of game farms. This year, meat products worth 500,000 rubles will be sold from raw materials not included in assigned stocks, and the figure will be twice as great in 1990.

At the present time, the republic has storage facilities with a total volume of 682,000 tons for potatoes, vegetables, melons, fruit, and grapes, which constitutes 62 percent of the need, and about a third of this is adapted and does not have refrigeration. The shortage of storage facilities is one of the reasons for the large losses of perishable products and the principal obstacle to their year-round and uninterrupted supply to the public. According to data of UzSSR Goskomstat, losses of fruit and vegetables amounting to 16,300 tons occurred in transport and storage in state and cooperative trade in Tashkent alone.

Almost all fruit, vegetable, and potato storage facilities are being built in cities, and frequently they are turned into gigantic dumps for spoiled produce. Experience shows that the most sensible thing is to store fruit and vegetables where they are produced, on the farms. There is no dispute that in this case the losses would be reduced, and deliveries to stores would be regular throughout the entire year. On the Kolkhoz imeni K. Marks, four 500-ton storage facilities were built over the period 1986-1988, and they have already yielded 80,000 rubles in profit. This year, plans call for deriving 10 million rubles of gross income by

raising labor productivity and augmenting the potential of the kolkhoz's own food industry, which is twice as great as the figure for last year.

By the end of the current FYP, the total capacity of vegetable, fruit, and potato storage facilities will increase to 1.77 million tons of simultaneous storage, including 400 tons to cover deliveries of produce to the all-union fund out of season. The network of receiving, procurement, and grading stations is to be substantially expanded.

In recent years, there has been a deterioration of the food supply to large cities and industrial centers, especially the supply of fresh fruit and vegetables.

A comprehensive program is accordingly being carried out to improve the food supply to the population of the capital through the vigorous participation of enterprises and organizations of the city in the social and economic development of suburban kolkhozes and sovkhozes. At a number of places, urban enterprises have with their own resources developed the construction of refrigerated storage with a capacity of 1,000-2,000 tons, vegetable storage facilities, areas, sheds, and stations for grading farm products, which ultimately will mean more fresh fruit and vegetables on the city dweller's table. A similar effort has begun in Chirchik, Almalyk, and Angren.

Under the program referred to, industrial enterprises and construction subdivisions of cities are over the next 7 years to build in rural areas storage capacities for farm products, shops to process them, and confectionery, canning, and other enterprises and capacities. Plans call for organizing volume production of new types of canned goods, candied fruit, fruit jelly and marshmallow products, and refreshing beverages from local raw materials. The output of products for babies and infants will increase tenfold. This is the purpose of building in Tashkent Oblast the large agrofirm "Tashkent" and "Shark" and the agroindustrial combines "Kibray" and "Gazalkent."

These agroindustrial structures will include vegetable and fruit storage facilities, processing and food enterprises, stores, warehouses, and other facilities, which guarantees that the technological cycle in production and economic organization will be relatively rounded out.

All of these figures indicate that on the basis of improved storage and loss-free processing of the products grown it is possible to substantially increase the economic efficiency of agriculture in the suburban zone and of the agroindustrial complex as a whole and to achieve a substantial growth of reserves in the food fund.

## POLICY, ORGANIZATION

### Concerns to Operate Without Construction Ministry Supervision

18210001 Moscow *PRAVITELSTVENNYY VESTNIK*  
in Russian No 24, Nov 89 p 2

[Unattributed article: "Without Supervision: State Concerns Formed at the Initiative of Labor Collectives Will Operate Without the Control of the Ministries—There Will Be Associations Now"]

[Text] Deciding the fate of the construction materials industry, the Supreme Soviet of the USSR in June of this year accepted the suggestion of the government to liquidate the all-union Ministry of Building Materials. For nearly half a year, labor collectives of the sector worked without the ministry's supervision. All this time, heated discussions occurred in the center and in the workplaces about the nature of the organizational and managerial forms under the conditions of the long awaited economic freedom. Different opinions were expressed in the State Construction Committee and scientific institutes. The suggestion of the sector's workers was finally implemented; the tens of thousands of people who by their

immediate labor produce the "bread" of the construction industry, voted for the formation of the independent concerns and a state association of the building materials industry.

The USSR Council of Ministries accepted this suggestion. The tasks of the former ministry were taken up by eight concerns: "Tsement," "Asbest," "Asbestotsement," "Tekhsteklo," "Stromteplomash," "Spetszhelezbeton," "Soyuzmineral," as well as by their colleague, the scientific technical center of the building materials industry "Strominnotsentr." All are economic associations which engage in the complete technological cycle of development, manufacture and delivery of the appropriate products to the consumers.

These concerns, as well as associations, enterprises and organizations serving the sector, have formed a state association of the building materials industry called "Soyuzstroymaterial." The relations of its members will be strictly contractual.

The top governing organ of the association will be the council, comprising leaders of the concerns, associations, enterprises, and organizations. The association council will elect the governing board and the chairman. The board and its apparatus will be maintained at the association's expense.



## POLICY, ORGANIZATION

### BSSR Changes Tax Rates On Cooperatives

904D0025A Minsk SOVETSKAYA BELORUSSIYA in Russian 20 Oct 89 p 3

[Article by N. Dementey, Chairman of the Presidium of the BSSR Supreme Soviet, and L. Syroyegina, Secretary of the Presidium of the BSSR Supreme Soviet: "Income Tax on Cooperatives"]

[Text] In accordance with the USSR Law of 2 August 1989 "On Ratification of the Ukase of the Presidium of the USSR Supreme Soviet 'On Income Tax on Cooperatives,'" the Presidium of the BSSR Supreme Soviet decrees:

To introduce changes in the Ukase of the Presidium of the BSSR Supreme Soviet of 27 June 1989 "On Income Tax on Cooperatives" as follows:

In regard to the income tax on cooperatives, the Presidium of the BSSR Supreme Soviet decrees

1. Establishment of an income tax rate on industrial cooperatives (except kolkhozes) and their unions and associations which receive income from economic activity, later known as "cooperatives," according to their types of activity, at the following rates:

Groups of rates	Kinds of Economic Activity of Cooperatives, Rates in their Unions and Associations	percents of taxable income
1.	Domestic service	15
2.	Repair of dwellings and other items of the public sector	15
3.	Production of construction materials	10
4.	Photoservices, sound recording services, repair of automobiles, TV and radios and complex household equipment	25
5.	Construction	20
	Production of industrial items	
	Installation works	25
6.	Production of goods in public demand, procurement and processing of secondary raw material	20
7.	Drawing and surveying	20
	Drawing and designing (without circulation)	
	Scientific research	
	Development of software (without circulation)	
	Inculcation activity	
8.	Providing information. Circulating designs and software	25
9.	Providing medical services	20
10.	Commerce	25
11.	Providing legal services	25
	Tutoring	

Groups of rates	Kinds of Economic Activity of Cooperatives, Rates in their Unions and Associations	percents of taxable income
12.	Agricultural activity	5
	Preparing medicinal raw material	
	Growing seedlings	
	Garbage collection	
13.	Providing sports-improvement services	10
14.	Care of patients, invalids and children	1
15.	Public catering	40
16.	Purchasing trade	40
17.	Organization and presentation of concerts, discotheques, lectures, entertainment and other spectacles for pay	50
18.	Brokerage	60
19.	Other forms of activity	25

2. The income tax rate is set at 25 percent for cooperatives in groups 1-3 inclusively, which sell their production (operations, services) at prices (rates) above government rates. The rate is 35 percent for cooperatives in groups 4-11 and group 19.

3. The income tax rate is reduced by 20 percent for cooperatives 1 and 6 which sell 80 percent or more of the total volume of goods as goods in public demand and public services.

The income tax rate is increased up to maximum amounts (25-35 percent), established by the USSR Law for cooperatives of these same groups, which sell more than 50 percent of goods produced (operations, services) to enterprises, organizations and institutions.

4. Tax rates for cooperatives carrying out multi-purpose activities are established according to their basic form of activity (according to total earnings from the sale of productions, operations and services).

5. The income tax on public transportation cooperatives is set by calculation of payments to each cooperative worker and the fee for the license set by the oblast executive committees and the Minsk municipal executive committee for persons engaged in public transportation services in individual work.

6. Cooperatives producing and processing farm production (except kolkhozes), construction cooperatives and cooperatives producing construction materials do not pay income taxes for the first 2 years of operation. Cooperatives of all other kinds pay income tax in the amount of 25 percent of the tax rate confirmed for this type of cooperative in the first year of operation and 50 percent in the second year. If a cooperative stops operations before the end of 3 years, the total tax set for this kind of cooperative is levied for the entire period of its operation.

7. In order to stimulate production (operations, service) of goods required by the public and the national economy and in order to reduce the prices for these

goods, the executive committee of the Council of Peoples' Deputies in the area in which the cooperative is registered may, on the basis of a decision of the local Council of Peoples' Deputies or by a decision of a special deputies' committee, reduce the tax rate temporarily or excuse individual cooperatives from the tax altogether.

The right to receive abatements is granted to cooperatives in which at least 50 percent of the workers are disabled (invalids of all categories, old-age pensioners and students) and in which are used local and secondary raw material or which are engaged in production and processing of their own farm production or in preparation of special purpose goods for invalids and elderly persons, rendering charity services or mastering new production of high quality, associated with increased production costs.

8. Branches (departments) of cooperatives located in the BSSR open an account in banks in the area in which they are located and pay income tax at rates established by this Decree.

9. The BSSR Ministry of Finance must explain matters concerning calculation and levying income tax from cooperatives according to this Ukase.

10. This decree became effective 1 July 1989.

17 October 1989, Minsk

## GOODS PRODUCTION, DISTRIBUTION

### Consumer Goods Trade with China, Japan

904D0044A Moscow SOVETSKAYA TORGOVLYA in Russian 19 Dec 89 p 3

[Interview with O.Yu. Goncharenko, head of the foreign trade department of the Khabarovsk Kray Fisheries Consumer Union, by M. Senkov: "Border Trade: They Buy Outmoded Shoes"]

[Text] The main foreign trade firm of the Heilungkiang Province of the People's Republic of China showed its export goods in Khabarovsk for several days. Wan Chanchzhi, the representative of the provincial government, said that the Chinese side is willing to expand the volume of its barter-based foreign trade. The Khabarovsk Kray Fisheries Consumer Union is one of the main partners of Chinese businessmen in this country. O.Yu. Goncharenko, head of the foreign trade department of the consumer union, answered SOVETSKAYA TORGOVLYA questions.

[Goncharenko] Among goods offered by our Chinese partners, we were interested in thermal plastic equipment and food industry equipment, such as freezers and dumpling-making machines. As a result of the negotiations, we signed contracts worth R13 million.

We maintain business contacts not only with our Chinese neighbors. Starting in April, we have been trading with Japan and have concluded many contracts with cooperators in North Korea. We have passed the first

stage in negotiating agreements with firms in Hong Kong and Taiwan. We also welcome untraditional ideas and initiatives. For instance, we are talking about building the Hong Kong Hotel in Khabarovsk and are thinking about entering the international tourist business.

However, China remains our main trading partner. We work with six firms in the neighboring Heilungkiang province.

[Question] Olga Yuryevna, I know that a tourist hotel would provide profits in hard currency. But consumer union members do not need money, even if it is in convertible currencies. They need goods.

[Goncharenko] This is why we have been trading goods across the state border for the past year. Almost R100 million worth of goods have been traded in one year. In the past months we have concluded deals worth R34 million, of which R4 million was for food products such as meat, canned goods, vegetables, fruit and nuts. The remainder of the sum included manufactured goods such as furs, knitwear, shoes and radio electronics.

[Question] Who gets these goods?

[Goncharenko] The food goes directly to cooperative stores, usually to remote areas. As to manufactures, only consumer union members have the right to purchase them. We use deficit goods to stimulate meat production and harvesting of wild-grown vegetables.

[Question] What do your partners want in return? It will be a long while until hard currency earnings from the Hong Kong will begin to roll in, whereas one must have something to pay with in barter deals.

[Goncharenko] This is a problem. For instance, we wanted to buy copiers and photo labs from our Chinese partners, but we did not have equivalent goods to offer them in return. For the same reason we cannot purchase advance technology and equipment to produce goods. We are forced to search not only for exportable goods but for partners abroad who want those goods. The Japanese, for instance, want raw materials.

[Question] But due to current shortages, many legitimate objections have been raised against trading raw materials.

[Goncharenko] We export small quantities of wild-grown plants gathered by the population. As to lumber, we only have whatever has been allocated to us for sale. Naturally, we decide whether or not to export it only together with representatives of our shareholders. But they usually want to trade it for deficit imports, not to sell it in the kray.

As to us, we like partners who want manufactured goods. For instance, China wants our inexpensive light overcoats and men's suits. Or unfashionable shoes. This would seem easy, would it not?

But do not think that such goods are easy to find at our warehouses. We applied to the shoe trade office, but they turned us down since they had sold everything. We must

look elsewhere and find solutions. We buy goods at various fairs and crisscross the country in search of right goods.

[Question] Olga Yuryevna, could this business be made more simple? For instance, you could sign an agreement with an enterprise which produces buckets, for example. They would sell a share of their output to you, you would share your imports with them and everyone would be happy.

[Goncharenko] It is not so simple. On the surface, enterprises have shifted to economic accountability and declared their economic independence. But they still have state orders and their raw materials, including steel, are allocated to them based on those orders. If they economize, it is their own business, but it is too little to satisfy anybody.

In this country, much is being declared and permitted, only to be brought to nothing by quiet resolutions and instructions. This refers also to the system of barter trade. On the one hand, it seems to be permitted and even encouraged. On the other, almost all types of goods are covered by export licenses. In every instance we must go to the capital, which is a long way away, to explain, struggle and beg.

[Question] This entails delays which damage your reputation as a business partner, does it not?

[Goncharenko] There are delays for other reasons as well. We have no effective control over transport. For instance, we had to ship 30,000 tons of fertilizer in the second quarter, but they began loading it only in September.

[Question] Did you have to pay penalties?

[Goncharenko] So far, we have managed without them. Our partners understand our problems and are accommodating. But business relations require a businesslike attitude. I think that we need competent solutions, both at the highest level and at ours. Licenses for consumer goods must be eliminated. At the same time, we suffer great losses due to our own incompetence in many issues. We need experts and professionals, not amateurs.

We have drafted a proposal to shift our department to economic accountability. We should have the freedom to select our staff, too, and even to organize business trips. We will then be quicker and more competent, which means that our partners will be more willing to work with us.

#### **Container Shortage Impedes Consumer Goods Import**

904D0027A Moscow TRUD in Russian 22 Nov 89 p 1

[Article by Z. Nalbandyan, TRUD correspondent: "From Wholesale Purchase to Retail Purchase"]

[Text] Scarce goods, bought abroad for the Soviet consumer, are moving very slowly.

The notice of 27 September, "The Soap is Still in Cairo," in TRUD told readers about the alarming situation developing in relation to the export from Egypt of very scarce goods intended for Soviet consumers. The essence of the situation involved the fact that our foreign trade organizations, following instructions from Moscow, promptly bought, in the Arab Republic of Egypt, many items which we do not have on shelves of shops in the USSR but a shortage of containers kept these goods in Cairo, Alexandria and other cities as dead freight. That notice ended on an optimistic note. It was reported to me by a Soviet trade representative that measures had been taken to avoid any more delays.

However, time has passed and there has been no significant improvement. It is true that a large amount of detergents and soaps finally have been shipped but all other goods have been further delayed. A well-known furniture firm which supplies very popular bedroom furniture to Soviet citizens, having exhausted all of their own warehouse space, began to acquire empty apartments in Alexandria in order to store beds and furniture in them. Tens of thousands of men's suits, accumulating at clothing enterprises, must be treated with a special chemical composition to keep them from becoming ruined by insects. The owner of the "Fine Foods" firm, Mukhammed Rashid, not receiving containers from the maritime fleet and knowing that bouillon cubes prepared for shipment would rot before they reached Soviet housewives, bought containers out of his own account! According to the most conservative calculations, it would take 3500 containers to ship, by the end of the year, everything that has already been purchased. However, here in the beginning of November, one of the deputy ministers of the USSR Maritime Fleet reported that the ministry could release, for shipments from Egypt, 400 containers in each of the remaining two months. A total of 800. In other words, three-fourths of what has been purchased will remain in warehouses.

In this complex situation, a "roundtable" with participation of organizations involved in shipment of freight to our country by sea was conducted by the editorial staff in Alexandria. The discussion centered around a single problem: What can be done in order to ensure the most rapid delivery of "scarce goods" to the Soviet buyer, in spite of the shortage of containers? Here are some excerpts from some addresses.

**R. Ganishev**, representative of the Ministry of the Maritime Fleet:

There was always just enough containers at the ministry but this year the supply has been exhausted completely. There are two causes of this. On one hand, significant aggravation of the shortage problem led to unplanned purchases of goods abroad which requires tens of thousands of additional containers and, on the other hand, 165,000 containers have "accumulated" at railroad stations, at enterprises and freight platforms inside the country. A solid circle formed and we could not break it.



Steamship lines struggled for each unit in order to ensure shipments but they were unable to meet the demand completely.

It does not help much to buy the scarce containers on the side since they are quite expensive and must be paid for in stable foreign exchange. So the only possibility is to send some of the shipments in ships' holds without containers.

**R. Avdalyan**, chairman of the All-Union Association "Soyuzvneshttrans":

Yes, I agree that this is actually the only possibility for coping with the flow of freight. Although, for the sake of justice, we must point out that, in spite of all endeavors, the Ministry of the Maritime Fleet is not sending planned shipments of containers, let alone additional shipments. For example, in December, the Danube steamship line should have received 200-250 containers but they received only 12.

The most critical situation involves furniture. Furniture is bulky and fragile. Nevertheless it appears that we have devised a way to ship some furniture without containers. Furniture now is being shipped directly to Leningrad on ships under 1000 tons and these suites will be sold there, according to reports of our trade organizations. This will eliminate the need to transship the furniture from ships to railroad flatcars. If this operation succeeds, it will save us 800 containers and ease the situation somewhat.

**V. Yasenev**, USSR trade representative in the Arab Republic of Egypt:

When there is a shortage of containers some goods have greater importance than others. We must decide what may be delayed for a while and what should be shipped without delay. Naturally, we in Egypt cannot solve this problem and we await instructions from the center. However, there is also indecisiveness there. Here is an example. On 25 October, the All-Union Association "Raznoeksport," entering the USSR Ministry of Trade system, sent us a telegram instructing us to ship furniture first. On 27 October, there was an order to set aside the

furniture, mainly for razor blades. On 31 October, furniture was again in first place. On 2 November, razor blades were again in first place. Lists sent also change places of carpets and toothpaste, shaving cream and knitted articles. Such reshuffling only complicates matters.

This year, we were certainly in an extreme situation. Shipment of loads which should be shipped in containers must be shipped by the conventional method (i.e., directly in holds). This is the only way out of the situation. In this case, there is a risk not only of damage to the goods but also of misappropriation. But there is no other way. One must, evidently, ensure the availability of transports when making trade contracts. Otherwise an agreement may be signed with the provision of shipping facilities being the last thing considered.

Since shipment of consumer goods from Egypt will be continuing, we are negotiating with an Egyptian firm for a joint enterprise for providing containerized shipments. The firm intends to acquire a large batch of containers and the profit from their use will be shared fifty-fifty. The possibility of production of containers at a shipyard in Alexandria is also being examined.

The "roundtable" participants begged us to assure TRUD readers that they are doing everything possible to ensure that goods bought in Egypt will reach the shelves of our shops as soon as possible. There is no doubt that they are really trying. However, their discussion showed that attempts of representatives of our foreign-trade organizations for shipping the stored freight promptly is like filling up a hole with your bare hands. It is possible to get a firm to ship goods in ships' holds. It is possible to see that the shipper pays close attention to the reliability of packaging. However, all of these measures are extraordinary measures. Somebody should ensure that our transport opportunities match our purchases of goods. However, we cannot say who exactly. Perhaps the Ministry of Foreign Economic Relationships or, possibly, the State Foreign Economic Commission itself. One thing is clear. The shortage of containers must be alleviated promptly as a priority problem.

## ELECTRIC POWER GENERATION

### Energomash Concern's Status After Year's Operation Assessed

904E0030A Moscow SOTSIALISTICHESKIY TRUD in Russian No 11, Nov 89 pp 42-43

[Interview with A. Marach and Yu. Konovalov, members of the workers' group that formed Energomash: "Energomash: First Steps"]

[Text] *We published material on the creation of the first consortium in the country—Energomash MGO [Intersectoral State Association] in Leningrad—in Issue 12 of this journal for 1988. The editor asked A. Marach and Yu. Konovalov, members of the workers' group that formed the concern, to talk about what has been done over the short period of its operation and the unsolved problems that remain.*

[Editors] What are the advantages of the new form of production organization?

[Response] The Energomash MGO handled its principal tasks over the past year and improved many of the parameters of its activity (the fulfillment of state orders and deliveries of constituent items, expansion of intra-economic cooperation). And that is obviously the most important. Changes are noticeable in other spheres as well. The intrinsic infrastructure has developed at an especially rapid pace. This is explained by the fact that the enterprises that have been freed of the dictates of agencies preferred not to generate an increase in volume and other basic indicators immediately and at any price. They, having in mind all of their rights, selected the tactic of reinforcing and creating solid and reliable rear areas for future confident work rather than a blind chase after instant and profitable publicity. Our own joint-stock bank is already in operation at Energomash MGO and a quite powerful planning and construction association has been organized, while issues in creating an information center at the board are being considered, councils of the most skilled enterprise specialists have been formed and the question of the formation of centralized funds for the strategic development of the concern and the pursuit of a coordinated social policy are being decided.

[Editors] What are the problems of the concern like?

[Response] I'll tell you about the most fundamental ones immediately. There are grounds to feel that some central economic bodies are not inclined, as it were, to notice the fact that the consortia have been called namely state associations rather than simply production, scientific-production or territorial ones. This is explained by the scale of the national-economic tasks they are resolving. The impression is taking shape that the state status of the MGO is recalled in the apparatus of USSR Gosplan, USSR Gossnab, USSR Minfin [Ministry of Finance] and other agencies only when they need something from the concern. That could be a composite plan for the output of all products (and not just state orders), reduced and

integrated into the unified form of the enterprise application for resources, or a general accounting of the activity of the MGO, which is not typical at all and is in no way to the advantage of the concerns themselves.

The directorship of the concern, for example, as opposed to the ministries, has broad rights in relation to the enterprises but fundamentally cannot and should not in any way arbitrarily redistribute the resources of enterprises "dictatorially." These materials are allocated on MGO terms, as is well known, not to the concern, but according to the concrete programs of production and development for each enterprise. The collectives receive them independently and strive for their best utilization. The territorial administrations of USSR Gosnab should, under these conditions, be assisting the concerns whose enterprises have left the framework of the ministries to "shake loose" from the sector plans and to enter solidly into the nationwide supply system. The MGOs need certain benefits that arise objectively out of the state status of these major associations, and not just real practical assistance, for this. A reciprocal requirement of Gosnab toward the concerns would be just as objective and natural: establish and realize mutually advantageous economically accountable relations with the territorial supply bodies and decisively and effectively stimulate the work of supply administrations in rendering the necessary assistance. The consortia, as state management bodies, have these rights and capabilities at their disposal.

The concerns should receive, aside from support in material and technical supply, broader rights in establishing direct contacts with central economic agencies. The board, remember, is a democratic collegium of directors where even the president simultaneously holds the "chair" of executive at one of the enterprises. The specialists of the enterprises themselves should thus naturally be involved in resolving various issues at the all-union Gosplan, Gosnab, Minfin and Goskomtsen [State Committee on Prices] levels. These should of course be large-scale problems.

[Editors] What organizational difficulties are being encountered?

[Response] The concerns can be of the most diverse types. Practice shows that their rights are not alike. The versions of a free or not free chairman of the board are possible, for example. The executive directorship has the authority to issue its own orders or to be guided by the minutes of the board's decisions. Decisions can be made differently as well—with complete unanimity or with a majority of votes. There are no restrictions on the choice of structure for the directorship: one MGO can consider it expedient to have a flexible expert structure, while others prefer a traditional set of functional departments etc.

If a concern violates the principle of the equality of the enterprises that comprise it, however, it is not an MGO. After all, then someone, albeit covertly, nonetheless could be permitted to get along at the expense of his

partner, who moreover might not even know it. Such an "association" should be called a new ministry. By the way, it is namely such "concerns" that can easily adapt within the system of mutual relations with state bodies. But no advance in improving the utilization of the State Enterprise Law takes place therein. An incomplete but nonetheless real deception exists. The principle of democratism disappears in an association of enterprises, while it is decisive in a consortium.

[Editors] And what does the experience in the realm of the methodology for creating concerns show?

[Response] A scientifically substantiated methodology is very important. There is essentially not one yet. And after all, everything should be modeled in advance: the future mechanism of economic operation, the system of management, the principles of outside mutual relations, internal mutual ties, organizational structures. And most importantly, the fundamental documents and decisions must be very precise and responsibly formulated with the aid of experts from the USSR Council of Ministers. It is essential to prepare carefully, for example, drafts of the governmental decrees on the concern etc.

The impression is sometimes created that someone is urging the initiative groups of the enterprises to reinvent the wheel in this matter. They have to do extremely labor-intensive work at their own risk. The organizational-planning time is stretched out many times over therein, while the quality of the documentation could be inadequate all the same. The problem is too extensive. And here it is important to make use of the experience of the trailblazers. It is being studied, to put it bluntly, poorly.

[Editors] What, in your opinion, is the future of the concerns as a new form of management at the base level of industry?

[Response] I'll tell you my personal opinion. The consortium is a business alternative to the administrative-command ministries. If the process of restructuring is intensified, many MGOs will appear. Everywhere that this or that group of enterprises feels truly confident, has a professional view of the future of its technological development and steadily puts out a profitable product that enjoys demand, the concerns can be created. That is, however, if the central economic bodies do not try to turn them into cheerless mini-ministries.

[Editors] And how should the role of the ministries change in this regard?

[Response] All of their command rights are distributed across various levels. First of all, some of them will be transferred to the corresponding state bodies. While there is not a stable market, for example, state orders will be passed along to the concerns by USSR Gosplan. Second, part of the prerogatives of the ministries will be taken up by the boards and directorships of the MGOs. Third (and principally), the rights will be transferred directly to the enterprises and their STKs [technical supervisory services]. The opportunities for being a

headquarters for technical progress, a center for strategic development and profound information research at every one of the ministries will expand therein. This, by the way, guarantees steady business income for them. We especially want to emphasize that the concerns "subscribe" very well to the concept of regional, and the more so territorial, economic accountability.

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### Nuclear Reactor Plant Produces New Products

904E0027A Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 16 Nov 89 p 1

[Article by SOTSIALISTICHESKAYA INDUSTRIYA special correspondent L. Skoltsov under the rubric "The Economics of Disarmament": "Izhora" Seeks and Offers"]

[Text] *The reports just published by USSR Goskomstat [State Committee for Statistics] do not inspire optimism. They are blaming strikers, extremists and nationalists for the difficulties of the economy... They also do not forget the contribution of the railroad workers, who cannot handle their shipments. They nod in the direction of local authorities and the leaders of the central agencies—they have not, they say, been able to organize timely loadings and unloadings. They shame the enterprises that disrupt contract deliveries, or on the other hand inflate contract prices, out of considerations of group egotism.*

*I believe, however, that all of those are attendant circumstances.*

*Is there anything to grieve about? I think not; any true recovery is preceded by a worsening of all sores. So better times lie ahead.*

*I became convinced of this on a trip to the Izhora Plant association. The principal customer of the Izhora people up to now has been nuclear power engineering. And it would seem you couldn't think of a more sure bite of the state pie than nuclear reactors.*

Even in the fall of 1986—that is, already after Chernobyl—Politburo member and CPSU Central Committee secretary L. Zaykov, visiting the association, called on them to develop production capacity from the then four or five reactors a year to the output of seven or eight. But here is the reality: next year's program has just one reactor—and that order was shaken loose with enormous labor in ferocious competition with Atom mash [Nuclear Power Machinery Association]. Why is that so? The reasons are well known. The country, on the one hand, has taken the road of disarmament, and that means appropriations are frozen. On the other hand, the public is ferociously attacking nuclear programs both in power engineering and in shipbuilding. The ashes of Chernobyl beat in the hearts of millions of Soviet citizens—and the construction of new AESs [nuclear power plants] is being halted under pressure from them, while the nuclear LASH ship "Sevmorput" wanders in search of a refuge...



And a picture sooner familiar just from the exposes of the universal crisis of capitalism was revealed before the Izhora people—a sales crisis. The chain of events had become ordered in very unpleasant fashion: no orders means that capacity is idle, wages fall and highly skilled workers flee, and then they will have to cut back on workers with simple skills as well, not to mention the engineers and office personnel. It is terrible to even think of the social consequences of mass layoffs. And the main thing is that there was nowhere from which to await help. The state coffers are empty. It's not befitting to count on the ministry either, the more so as the association left the tutelage of the ministry as of June of last year. The first intersector state association, Energomash, was organized in Leningrad last year, as many recall. The Izhora people joined this association. But what profits are there in a newly created association?

To the credit of the executives of the Izhora plant, they did not even try to extend a hand for state subsidies. But they have altered their business policy sharply: whereas before they had shoved orders from outside organizations aside without looking at them—no free capacity, they said—today they are sending whole search teams to every corner of the country after orders.

That is how they contracted to make transport and packing kits for their old friends, the nuclear power workers. Spent nuclear fuel, as is well known, is stored at the AES. The storage areas are overfilled at the older plants. The development of the Izhora workers will make it possible to ship containers with radioactive wastes to burial places safely.

But the main business success awaited the Izhora people on well-worn paths. People ordered... reactors. The very same multi-ton and super-strong monsters that they were used to and knew how to make at the plant. Only the customer was different, with a much more reliable and peaceful reputation—the petrochemists.

It turns out that one of the principal elements in installations for the extensive refining of petroleum (the country habitually procured them in the West) is a hydrocracking reactor. And this reactor is exceedingly close to a nuclear one in dimensions, thickness of the steel and reliability requirements. Judge for yourself: the process takes place at a pressure of 160-170 atmospheres and working temperatures of 450 to 540 degrees in a very toxic and hostile environment. The chief factor in the hostility is seventy percent hydrogen. The steel forgers at Izhora were used to working miracles with steel that is firm against neutron fluxes. Tests showed that one version of the Izhora reactor steel "holds" hydrogen in excellent fashion as well. The rest, as they say, was a matter of engineering...

What is noteworthy about this example from an economic point of view?

The fact, in the first place, that this is an example of skillful conversion for defense workers.

I remind the reader that almost half the capacity of machine building and a considerable portion of the producing sectors are concentrated in so-called "defense." A turn toward the consumer by this mass is being accomplished primarily by methods of administrative force today. Assignments to produce so many consumer goods or so much equipment for the processing industry are being allocated among the plants of the "defense" today. It is practically impossible to adapt the existing capacity for this—it was built aiming at different output. The greater portion of it is thus just left aside. And a new, semi-cottage industry oriented toward the civilian is being built in the bowels of the defense complex. "Defense," into which an enormous amount of public capital was invested, is thus inherently being knocked out of the system of social production. That is, strictly speaking, being expropriated.

The Izhora plant is quite another matter. Here not only are the expensive test jigs, machine tools and workers utilized to full capacity, but even that part of the capital that we usually do not take into account has been activated as well. Nine institutes helped the Izhora people make their turnaround. That means that their capacity has also been activated in the system of social production. And the new prospects opening up before the plant workers are theirs as well.

And they have managed here, take note, without the administrative-planning whip. Vested economic interest has proven to be a far more effective means than innumerable resolutions and decrees by directive bodies.

Two high-pressure hydrocracking reactors this year, a minimum of two more in the next. The program for the next five-year plan is at least a dozen reactors. These are only the largest orders. Some 15 types of various reactors and separators have already been planned just for the needs of the petrochemists...

"And what use is that to the rank-and-file Soviet consumer, tormented by shortages?" asks the reader. "You can't wear a reactor instead of trousers, you can't spread a separator on a slice of bread..."

That could be answered simply. A single reactor costs the country six million dollars. The Izhora workers will supply it for approximately four million rubles. The difference will go for trousers and butter...

But there are more substantial arguments as well. Today three quarters of all foreign-currency receipts to the treasury come from the sale of oil. But we trade, as is characteristic of a developing country, with crude oil. Our Western counterpart legitimately has three or four dollars of his own receipts for every dollar we receive. We cannot distill that petroleum here and trade in the far more profitable gasoline, kerosene, diesel fuel and various types of oils ourselves, there is no capacity. There are 240 reactors operating in the United States, for example, versus our two that were procured through import. And they distill over forty percent of all the petroleum consumed there.

We ourselves burn fuel oil in the furnaces of boilers and electric-power plants. One installation for extensive refining will provide, over a year, a million tons of motor-vehicle gasoline and a million tons of diesel fuel from four million tons of fuel oil. And what gasoline and what fuel! Ecologically clean! Scrubbed of carcinogenic sulfur and in no need of lead additives. The motor vehicles of the whole world have converted to these new grades. And only the streets of our cities are suffering from exhaust asphyxia as before.

So the conversion of the Izhora workers is advantageous for all of our society as well as for themselves.

They are furthermore thinking some about the world market at the association. But how can a novice break in there? The sole way is to become a subcontractor to Western suppliers of petrochemical equipment.

Alas, the only thing we can seriously make is "iron." Yes, a hydrocracking reactor is 6 million dollars at world prices, and a whole installation is 150. The automated devices and apparatus cost an order of magnitude more than the highest quality metal. Today it is simpler to make the "Buran" or the "Energiya" than to create an efficient and ecologically clean installation for the extensive refining of petroleum: here the whole world economy should be put into action.

But even if not a hundred percent, and even if not fifty, then some percentage could be contracted by our enterprises, and first and foremost the defense enterprises. They could exert themselves a little and earn these millions of dollars. So that the river of dollars flows to Leningrad and Arzamas as well as to Yokohama and Stuttgart.

I am certain, and calculations prove, that the battle-worthy portion of "defense" could still succeed in catching up with a world moving ahead faster and faster with such dollar support (and not crumbs). And those who want to could be engaged in consumer goods and could do so successfully—small and medium-sized private, cooperative and state enterprises.

We return, however, to our Izhora workers. Their customer has more money and is more reliable than before. But they cannot forget their first love here—nuclear power engineering. No orders for the giant reactors? Take up smaller AESs at your own initiative—single- and multiple-unit—for remote regions.

They conduct this work at their own risk. They finance it partly themselves and partly through Energomash funds. The majority of the subcontractors are also "Energomash people"—Elektrosila, Avrova, Znamya Truda, Leningrad Metallurgical Plant... The risk is great, since the Chernobyl syndrome is deepening and expanding. The public trust in nuclear power has been thoroughly undermined. But...

"The weakest link in nuclear power engineering is people, not technology," feels Yu. Bogdanov, the chief engineer of the Nuclear Reactors KB [Design Bureau]. "Our new plant will be super-safe. We have envisaged such protective measures that the reactor itself localizes any accident—whether from technological causes or as a consequence of the repeated mistakes of the personnel—and will resist harmful effects for whole days. Assistance can reach any part of the Soviet Union over that time from an alarm sounded by the signal systems of the reactor. The fire and explosion safety of the reactor is ensured by a passive gas regimen so that the radiolytic components of the fuel are suppressed.

"The capacity of the unit is small once again, 135 megawatts. The reactor is housed in backup protective housing. It is implicit in the plans that the AES can withstand a level-eight earthquake, the crash of an airplane and the detonation of a powerful bomb alongside. So the population need not be apprehensive.

"If we are able to put the plant into series production, we are planning to organize the centralized maintenance of our installations."

And so, what could interest potential consumers? Probably first and foremost the fact that the plant is intended for operation in an isolated power system and, moreover, is able to heat a small city. There are calculations on the technical and economic parameters of a two-unit ATETs [atomic heat and electric power plant] for a settlement such as Tiksi. The cost of the electricity is 2.5 kopecks per kilowatt-hour, and the heat is 9.1 rubles per gigacalorie. If the service life of the plant can be raised from thirty to fifty years, the kilowatt-hour will cost two kopecks, and the heat 7.3 rubles. The overall estimated cost of construction is about 146 million rubles in 1984 prices.

Will our northerners take the chance? I don't know. But meanwhile, some African countries are rumored to have an interest in these small and relatively cheap plants.

### **Compatibility of the 1990 Plan, Trade Union Concerns Noted**

904A0076A Moscow TRUD in Russian 19 Nov 89 p 2

[Interview with the deputy director of the AUCCTU General Department of Social Development Issues S.K. Minayeva by V. Golovachev: "Real and Paper Income: The 1990 Plan Addresses the Unions' Demands"]

[Text] After heated debates and discussions, the USSR Supreme Soviet passed, as is well-known, the resolution "On the State Plan of Economic and Social Development of the USSR for 1990," as well as the Law on USSR State Budget for the next year.

An important feature of those documents was a sharp increase in the plan's social orientation and a drastic turn toward human interests. This meets demands steadily advocated by our unions and their parliamentary deputies. We asked the deputy director of the AUCCTU General Department of Social Development Issues S.K. Minayeva to comment on those documents.

[Minayeva] First of all, I want to point out an extremely important fact which has a fundamental significance. I mean the consumption and non-industrial construction share of national income. This indicator very clearly shows the plan's priorities, trends and accents. Either the economy works to satisfy its own needs, or we pay more attention to the consumer market, the living standard, etc.

For a long time, our economic structure was mainly geared to achieving industrial goals and not to satisfying directly the needs and demands of the people. The share of production of means of production was rising. In 1970, the share of Group A products totaled 73.4 percent; in 1980, 73.8 percent; and in 1986, 75.3 percent. What was the result? We raised the production of steel in order to make more machines, tools or machines to mine iron ore. We mined more iron ore in order to increase steel production, and so forth. It was a vicious circle.

The share of consumption and non-industrial construction in our national income until recently amounted to 77-to-78 percent. In the U.S., some 90 percent of national income is spent on these purposes. This is the reason the unions last year raised the issue of increasing this measure to at least 86-to-87 percent.

Many economists thought it would be impossible in principle. They claimed that in our immense economic complex, with its great inertia, it would take many years to effect such revolutionary structural economic changes. Indeed, it is a tremendously difficult task. By 1989, the five-year plan called the consumption fund to be up to 78.5 percent. The plan's target for 1990 was approximately the same.

But life confirmed the need for extraordinary measures and fundamental structural changes which the unions demanded. There is no other way out of economic crisis and toward financial reform. Now, the decisive step in this direction has been taken. The 1990 plan calls for a

drastic social reorientation of the economy. The share of resources for current consumption and non-industrial construction will rise to 86.7 percent of national income. A year ago it would have seemed a Utopia.

How will this be accomplished? By cuts in military spending, conversion to civilian production, higher growth targets for Group B industries, a temporary freeze on industrial construction projects which do not bring prompt returns, increased investment into non-industrial sectors, etc. Let me remind you that the urgent need for all these measures was mentioned, in particular, in instructions to USSR people's deputies elected by the USSR trade unions. (Those instructions were approved on March 22, 1989, and published in TRUD on March 25.)

[Golovachev] You have mentioned social compatibility of the plan and its turn toward human interests. But how does it agree with the fact that the rate of increase of real per capita personal income is plummeting and will amount to only 1.3 percent next year? According to the five-year plan, incomes were supposed to rise 14 percent from 1985, or at a 2.8 percent annual rate.

[Minayeva] True, the rate of increase of real per capita personal income is indeed plummeting. We cannot hope to raise the living standard of the population until we overcome economic crisis. In this area, our goal is different: we must do everything to soften as much as possible the impact of economic crisis on the people and to provide social protection to those who live below the poverty line.

To do this, however, we must have a true and precise picture of the real economic situation in the country, and see main economic growth indicators without distortion. Let us take per capita income, for instance. It cannot be said that this indicator reflected the true picture in the past. Inflation was not taken into account when per capita income was calculated. Only changes in official price lists were included, which was a drop in a bucket. The result was that we tracked paper incomes, not real ones. Incidentally, this applies to the 14 percent growth you mentioned.

At first, the preliminary drafts of the 1990 plan also used paper indicators of future incomes and the increase was shown to be almost 5 percent. The unions took a very firm and clear stand on this issue: to tell the truth to the people. They defended their position both in the USSR Council of Ministers and in representative organs. Why embellish things if people know very well by their own household budgets whether their real income rose 1.5 percent or 5 percent? Or even fell? Embellishment brings nothing but harm.

The unions got their way. The rate of 1.3 percent reflects real incomes, taking inflation into account. In other words, the truth was told to the people. This is very important. Now the goal of the unions is to fight for a system that would allow incomes to rise vis-a-vis an index of consumer prices.



[Golovachev] If real incomes rose 1.3 percent on average, it meant that some people saw a 3-to-5 percent increase while others, negative growth. This meant that the standard of living of a rather large number of people may have actually declined.

[Minayeva] Unfortunately, it is true. This is why assistance to poor families is particularly important. The 1990 plan calls for such major measures as raising minimum pensions, subsidies, and various privileges, such as free use of public transportation for some groups of the population.

For instance, over R6 billion was allocated for the increase in pensions; R435 million for subsidies to poor families as a result of the eligible age limit having been raised to 12; and R20 million for extending maternity leave prior to delivery from 56 to 70 calendar days. Large sums will be spent on higher nutritional norms for children at state boarding schools, day care centers and medical institutions.

A total of R13.4 billion will be spent next year on centrally run programs to raise the living standard. (Compare this to the R2.3 billion allocated in 1990 for these purposes purposes by the five-year plan.)

The AUCCTU proposal to freeze prices on food staples and consumer goods was adopted, as was its proposal that the Councils of Ministers of union republics include in their state orders special low-priced goods for the elderly and children.

Obviously, this will not solve all the problems. Enterprises, local authorities and charity organizations must do everything to help those who find themselves in a difficult situation. Already, dozens of union-sponsored soup kitchens have been set up all over the country where the poor can get meals free of charge. Such undertakings deserve complete support and should spread.

[Golovachev] The issue of baby food is an urgent one. Will there be improvement in this area? The USSR Supreme Soviet resolution contains no mention of it.

[Minayeva] This is natural, since the detailed plan will be developed by the USSR Council of Ministers and in part by the Councils of Ministers of union republics. As to the specific issue of baby food, the AUCCTU asked that the domestic production and importation of baby food be increased. As a result, the draft of the detailed 1990 plan calls for an increase in domestic production of powder milk-based baby formula of 3,000 tons, for the industrial production of liquid or paste milk products to rise from 62,300 tons in 1989 to 100,000 tons in 1990, and for the production of canned vegetable-based baby foods to rise by 22 million cans. It also calls for the importation of R68 million worth of baby food concentrates and cans, as well as baby formula. This is a R12.5-million increase over this year's plan.

In general, the great majority of the unions' proposals on economic and social development for 1990 were incorporated into the resolution and the plan draft. This gives

a good impetus to the strengthening of our line to increase social orientation of plans.

### Rise in Youth Crime Linked to Unemployment

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in Russian 12 Dec 89 p 3

[Article by O. Nosareva: "Help Us Find Work—We'll Take Anything!"]

[Text] "Help us find work—we'll take anything!" This request is being heard from juveniles. But usually they are turned down.

This legal case, like many others, went unnoticed: seventeen-year-old Valeriy B. was detained with a group of young people for routine theft. Then he was convicted. What drove him to crime? In the course of clarifying the case, it came out that Valeriy had tried ten times to find work. Ten times he had gone to various enterprises in the Nevskiy rayon and was turned down. He had to live somehow, so he began to steal. So this youth, who had no previous record of breaking the law, became a criminal.

The problem of employing juveniles has never been as acute as it is now. As a result of the transition of enterprises to cost accounting, inexperienced juveniles who lack qualifications have become superfluous here.

Here is the data from the Leningrad procurator's office. Every third juvenile applying for a job for the first time has been turned down. Sixty percent of these rejections came without an explanation; 15 percent are attributed by those directly engaged in production to cost accounting; and the same number are attributed to the absence of openings. Incidentally, a follow-up did not corroborate the latter explanation.

Enterprises are directly violating the youths' constitutional right to work. And in the present year alone the number of eighth-graders who have decided not to continue their studies but to begin working instead has come to 54,000. Hundreds of tenth-graders are trying in vain to find work, and even graduates of vocational schools often find themselves unemployed.

I think it's no secret to anyone what such an irresponsible attitude towards the fate of these youths leads to. Without work, left to their own devices, young people begin to look for an application for their energies and resources in another sphere of activity. Let's take those very same dry figures from the procurator's report. Since 1987 the number of juveniles registered with the commission on the affairs of minors has increased five-fold (from 438 to 2,171). In the present year every fourth crime is committed by unemployed youths. The level of crime among them is nine times higher than among those who work. An examination of criminal cases has shown that these are the people committing the boldest and most serious crimes.

"The present system in our city for placing juveniles in jobs is largely responsible," claims S.P. Minina of the procurator's office in Leningrad, head of the department

for overseeing the implementation of laws concerning minors. This system does not give young people the opportunity of finding work for themselves in the normal way. The city soviet of people's deputies is not interested in the fate of the young either. This year they did not even approve a plan for signing up graduates from secondary schools for work.

Within three months of the year's end the plan for signing up juveniles for work in the Petrogradskiy and Primorskiy rayon soviets was approved only after the intervention of the city procurator's office. Before that a decision had been reached in the Primorskiy rayon that such a plan, in light of the transition of enterprises to cost accounting, was inexpedient.

The situation is no better in the Frunzenskiy rayispolkom [rayon executive committee], where the plan was formally approved without specifically placing youths in jobs at enterprises. As a result, all seven of the leading factories and associations in the rayon refused to take them on. The crime rate among unemployed youths in the Frunzenskiy rayon more than doubled, and in the Primorskiy rayon it increased ten-fold. In 16 of the city's rayons the placement of minors in jobs does not correspond to real personnel needs. The reason for that is simple: the figures are calculated according to results of previous years, without regard for today's needs.

And in the meantime, for the past two years at all Leningrad enterprises there has been a reserve of young people without a profession. It appeared directly after cost accounting was introduced and many youths faced the real possibility of being unemployed. As you see, timely measures were taken. But how are they actually being translated into reality?

The reserve consists of 0.5-10 percent of the general number of working people in an organization. The ministries "release" the figure. But usually neither the enterprises themselves nor the rayispolkom planning commissions which control them know what the real figure is. And therefore the managers themselves decide whether or not to hire young people and in what numbers. And of course, they decide to their own advantage—in other words, under any pretext they decide not to hire juveniles. And so at 30 of the 47 enterprises the procurator's office checked up on, minors were neither being hired nor given a reason for the rejection.

An analysis of the rejections has shown that every second position among those reserved for youths remains unfilled. In this year in Leningrad one third of the jobs has gone unfilled. The rayon ispolkoms are not worried about the fate of minors either. Fifteen of them have failed altogether to discuss the issue of the employment of youths during the period of transition to cost accounting. The departments of labor and social problems of the Lengorispolkom [Leningrad city executive committee] have not been monitoring their activities either, although it is their direct responsibility.

How then is the hiring of minors to take place? According to existing procedures in our city, central and

rayon employment bureaus are obliged to see to it. This is where graduates are supposed to turn. The employment bureaus are obliged to attentively hear the applicant out and help him select a suitable position.

But in reality, usually a commission on the affairs of minors is forced to attend to the job search for youths. In essence, the commissions substitute for employment bureaus. They find jobs for eighth-to-tenth-grade graduates and set them up in them.

The actual employment bureaus are mainly involved in finding only temporary work for young people. Only around half of the tenth-grade graduates are hired with their help. The others must do it themselves. And what's more, the job assignments they make rarely take into account the presence of a production reserve. And upon their arrival, the youths are once again turned down.

Tired of endless rejections and nervous strain, juveniles react in their own way to this indifference towards themselves and their fate. In this way Aleksey R., after five rejections, attempted to "settle matters" with the senior secretary of the commission on the affairs of minors by overturning his table and insulting him.

In the situation that has developed, juveniles with physical impairments and so-called "difficult" youths have a particularly hard time of it. Indeed, more often than not, jobs that are earmarked for difficult-to-place youths are given to "normal" cases. Juveniles that have been previously convicted of crimes or have returned from special schools or special PTUs [vocational schools] cannot find work at all.

This same Aleksey R. finished speech school. In other words, he has a speech defect. He was willing to take any job. But his physical impairment occasioned the refusal to hire him. And refusals on these grounds can be found all over.

It seems the commission on the affairs of minors in the Lengorsovets ispolkom [Leningrad city soviet executive committee] is not interested in the problem of employing difficult juveniles either. Officially, it has the right to present a proposal to the ispolkom that special places be reserved for registered youths. But in the present year the commission has not used this right—it has left the young people on their own.

Says S.P. Minina, "Our follow-up has shown that policies of hiring minors are directly violating their constitutional rights. Not long ago at a large collegium which all high-level persons attended, including the directors of large enterprises, we raised this problem once again. Using the materials presented at the collegium, we informed the Lengorispolkom of our impression that the existing legislation was being violated. Almost two months have passed with no reply. And in the meantime the stream of unemployed youths is increasing. They all come to us with the same request: 'Help us find work—we'll take anything!'"

**Cooperative Union President Tikhonov on Strikes**

904F0037A Moscow LITERATURNAYA GAZETA in Russian No 48, 29 Nov 89 p 2

[Interview with VASKhNIL [All-Union Academy of Agricultural Sciences imeni V.I. Lenin] Academician V.A. Tikhonov, USSR people's deputy, president of the Union of Amalgamated Cooperatives, by Yu. Vladimirov and V. Sokolov, correspondents: "A Way out of the Dead End?"]

[Text]

[Correspondents] Vladimir Aleksandrovich, for several months now the attention of the entire country has been riveted on the strikes in Vorkuta. This situation is not an ordinary, run-of-the-mill one: there are plenty of passions and disputes. The most stubborn situation remains the strike at the Vorgashorsk Mine, which you visited. Moreover, it is thought that your trip exerted quite an influence on the thinking of the miners' leaders. Also recalled in this connection is the unprecedented agreement between the strike committee and the Union of Cooperatives.... It seems to us, however, that here it is not just a question of mixing up the chronology of events, which IZVESTIYA was guilty of. What has been omitted here is undoubtedly more important; we mean the initial reason for the evolution of relations between the cooperative members and the Komi Republic. Or are we incorrect on this point?

[V.A. Tikhonov] Of course, it was not the strike which determined our relations. Businesslike contacts were established much earlier with the obkom and with the republic's government, as well as general interests with the local enterprises. But how many fables and down-right lies we have to hear nowadays from the lips of people seemingly worthy of respect and from the pages of our press with regard to the participation by our Cooperative Union in the events taking place during the last few months.

I am alarmed by this, and all of us are alarmed by this, and not because my name, for example, was mentioned in an uncomplimentary manner by Nikolay Ivanovich Ryzhkov. For God's sake, if some person has made a mistake, then another person has the right to assign him a "grade." But what is alarming is that these "grades" are sometimes based on information which someone has consciously distorted in order to present us in a certain light, to make us out as practically instigators.

[Correspondents] Nevertheless, can there be smoke without fire?

[V.A. Tikhonov] Everything, of course, has its own beginning.... During that period when the attitude toward the cooperative members was becoming exacerbated, there was a great deal of talk to the effect that the July miners' strikes were proceeding under the slogan "Down with the Cooperative Members!" Naturally, we wanted to know to what extent these rumors corresponded to the actual situation. And, therefore, we asked our comrades to travel to the Donets Basin, the Kuznets

Basin, and Vorkuta in order to find out what complaints the miners had against the cooperative members. The response sounded as follows: We don't like the high prices on items, on potatoes, vegetables, and fruit.... When we asked whether they had verified if they were doing business with cooperative members or profiteers who bought such items for resale, they replied in the negative.... In Komi and Vorkuta there seemed to be no general dissatisfaction with regard to blaming cooperative members for any particular shortages. And so, after exchanging a few words, the conversation shifted to the miners' situation. Artem Tarasov, our union's vice-president, became interested in the life and work of the coal miners, and he went down into a mine drift. They informed him that the miners have now been given the opportunity to freely sell for their own needs 20 percent of the coal mined in excess of the plan. But they lack the know-how to engage in trade on their own. And so Tarasov proposed the following: Let's establish workers' trade-and-supply cooperatives, along with your own cooperative bank; we're prepared to offer you the services of our foreign-trade organizations; you'll sell coal abroad and purchase the necessary items there for your workers' cooperatives.

[Correspondents] And what profit would you obtain in this matter?

[V.A. Tikhonov] None at all. It's a certain, specific situation, and we, like all people, are prepared to support those who are striving to obtain the right to manage their business independently.... Then the miners responded as follows: So let's sign the documents which would reinforce the obligations of the parties involved. Today's miners prefer to have things filled out in the proper documents.

I'm personally convinced that the contract, signed by Tarasov in the name of our Cooperative Union, will inflict no harm on anyone: on the contrary, it may allow the cooperative movement to begin operating in places where the state trade and other organizations have turned out to be simply incapable. I hereby declare that, as long as I live, I will do everything in my power to make sure that this contract is fulfilled. Although this will be difficult, inasmuch as the cooperative members are coming under attack by the increasingly harsh press of the bureaucratic apparatus. It has already learned how to shoot well at the cooperatives, and it shoots without missing the mark.

[Correspondents] The Union and its leaders are blamed for butting into the political sphere, for concerning themselves with something that is not their business....

[V.A. Tikhonov] The following counter-question comes up: Are there any phenomena in our country which have not become political nowadays? The miners' strikes—we are not blind, after all—do constitute political actions. They are all based on demands for independence, including economic independence. In the case at hand, do the miners have the right to formulate their own political slogans? Why not? Procurator Buturlin spoke in



LITERATURNAYA GAZETA about the attempts by certain "well-known forces" to impart a political nature to the strikes. What are these "well-known forces"?

I'm convinced that the present-day miners' collectives are sufficiently mature politically, and that it is hardly the case that anyone could dictate to them what their own demands should be. Therefore, I refuse to accept any allusions to or hints about cooperative members supposedly butting in "without permission" to the political activities of the strikers. But tell me: Why should it be forbidden to butt in anyway? What are we, some sort of declassé elements? Again it's a case of someone here wanting to ascribe to everything we do a middle-man, commercial, profiteering activity. But the cooperative movement with its 13 billion rubles' worth of annual total output is hardly made up of just people who buy and sell—although they too are just as necessary for today's economy. To close off to cooperatives the possibility of engaging in trade and middle-man operations would mean killing off the market type economy. Here it's not even necessary to remind you of history.... Trade capital has always been a kind of "middle-man" capital!

[Correspondents] The hostility is evoked, perhaps, not so much by political activity per se on the part of cooperative members, but rather by the fact that it manifests itself through the workers' movement. Certain people come to the point by asking whether this is not an attempt to pull someone else's chestnuts out of the fire on the eve of the next elections.

[V.A. Tikhonov] Am I to understand that we are being blamed for including ourselves in another social group? Well now, public opinion can be formed on whatever it likes—on empty slogans, conjectures or fantasies, rumors, or scandalous stories.... Are you convinced that the miners' support will really give the cooperative members weight in the elections? With the present-day, generally negative attitude of Vorkuta's population toward the strikers? Because, you know, the inhabitants are inclined to think that the situation with regard to products has become worse inasmuch as "these greedy miners have to be given increased shares." There are no "chestnuts" there.... Nor should you forget that the present strikes are not the first ones whose main intent for those around them has been associated with a powerful and long-expected protest against such a vital, stubbornly persistent, administrative system. But now there is a particular political prestige in being on strike, whether it is a case of cooperative members or someone else who is no longer earning wages.

[Correspondents] But, Vladimir Aleksandrovich, what is your attitude toward the strike itself, your personal opinion?

[V.A. Tikhonov] I won't be hypocritical about this: I have supported the strike. I don't see any other way of compelling the Ministry of the Coal Industry to fulfill the promises which were given. At the same time, I'd like to return to the beginning of our conversation and declare the following in order to remove any and all suspicions:

the goals of my trip to Komi were entirely different than discussions with the strikers, and I did not intend to engage in such discussions.

The republic's government had indicated its intention to convert its national economy to a system favoring economic independence, i.e., to one of regional cost accounting. And they turned to me as a person who engages in this professionally, but hardly in my capacity as president of the Cooperative Union. With my participation, proposals were prepared concerning a free-enterprise zone for Komi. They have so much in the way of natural resources there that they can certainly get by without Western investments. Here too, as we calculated it, the sphere of producing consumer goods can be developed to the maximum extent. Moreover, this is the only—I repeat, the only—republic where the leadership has no conflicts or frictions with cooperative members. A report on the intended program was made to Academician Abalkin, and, as a result, we became convinced that this northern region could certainly be introduced as a zone for the high-priority development of the cooperative movement.

When I was there on these matters, I was also invited by the miners to come and talk with them about the strike, which had been renewed. I understood the situation—the Law on Labor Disputes had been adopted, and the government had formulated its own position. The strike seemed to be local in nature. I flew into Vorkuta, read through the miners' demands—and was inwardly shaken. What a hodge-podge it was there!... The conversation in the mines was difficult for me. I pointed out that it was easy to begin a strike but very complicated to get out of one—especially with honor. The "locomotive" of the strike was approaching a dead end. Just imagine, I said, you're in a mood to struggle on to the end, but the government does not intend to yield either. Can there be such a situation? There can. What is the solution? To stand fast? To go back? To turn to traditions?

[Correspondents] That's interesting, but what if such a question were put to you?

[V.A. Tikhonov] They did just that.... Well now, having understood that I could not achieve victory, I would change my tactics. Agreed?—I asked them. Agreed—they said. Well then, join the republic's program for independent economic management. You'll have to break off the strike and join in the project which the government of the Komi Republic is beginning, but retaining, while doing this, the demands which have been adopted for the execution by the Ministry of the Coal Industry. In my opinion, that would be an honorable way out. Approximately the same conversation was repeated when I visited the Vorkuta and Central mines. And it made an impression—people began to think things over....

It was specifically against this background that complaints suddenly began to be raised against the Cooperative Union on the part of the government and other official organs, and various interpretive commentaries

began appearing in the press. It is unpleasant.... And this could hold up the work which we have begun. I even suspect that there is a desire to hold it up because, after all, our program for Komi contains certain elements which are delicate for certain persons. For example, we consider that the autonomous republic must possess all the rights of a Union republic. Would this really be to everyone's liking? But no kind of program will work without such an approach.

[Correspondents] One last question, Vladimir Aleksandrovich. What's your opinion of the position taken by the local leadership? Do the local authorities have the situation under control? Are they capable of doing more than they are at present?

[V.A. Tikhonov] I would prefer not to answer such a question. I fear that my observations are too scanty to dispense such serious evaluations. Let me make just one remark: the problem which I have provisionally termed that of "we" and "they" has become exacerbated. I hope that you understand the meaning of the contradictions behind this. I put the following question to the party secretaries: Just why can't you find a common language with these people? What are you talking about?—was the reply; they don't even let us speak to them; they shout and whistle.... Why didn't anyone whistle at me? Because, I suppose, I was not confronted with a dilemma: the problem of "we" vs. "they." You should try to abandon the "we" and approach "them." Thus, might it be that you will immediately have more success in your work if you become one of "them"?

Nowadays Vorkuta is living with such kinds of confrontations. Nevertheless, I'm convinced that they will search for and find the solution to the accumulated problems in the program which we have outlined together with the party obkom and the government of the Komi Republic. Otherwise, the strikers of today or the strikers of tomorrow will remain at a blank wall, at a dead end.

### **Continued Employment of Workers, Veterans Advocated**

904F0037B Moscow VETERAN in Russian  
No 47, 20-26 Nov 89 p 2

[Article by A. Shishkov, chairman, Krasnodar Kray Veterans' Council, USSR People's Deputy: "The Main Thing Is Work for Everyone: USSR People's Deputy Reflects on Program 'Concern.' What Is Its Principal Thrust: Charity or Job Placement?"]

[Text] Nowadays Program "Concern" determines the activity of veterans' organizations to a great extent. But I personally interpret this program in a much broader sense than is ordinarily the case. To give a veteran a piece of bread, to provide him with help in the present-day, difficult situation is only one of the tasks which "Concern" should perform—a temporary solution to the situation which has evolved these days, when many pensioners are living at or below the poverty level.

In my opinion, the program should, above all, help a person to continue working insofar as his strength and possibilities permit. At the age of 55 or 60 a person acquires the right to a pension. But the vast majority of those who receive pensions want very much to work. And not only because the pension is too small and fails to provide sufficient income. For many persons work is a joy.

At present the administration of an enterprise has the right, granted to it by law, to discharge a worker who has reached the pension age. It tells him: Take your pension and leave.... Is this really just or fair?

A worker who is a specialist at the age of 55-60 has a high degree of skill. He has experience. By discharging such persons, the production facility is losing quite a bit. And so, it may be asked, why not have at large enterprises shops where veterans could work? After all, there are production facilities where they require not quantity but quality of work, the fine hands of a master craftsman, experience, plus substantial, thoughtful qualities.

I think that the Law on Socialist Enterprises should reflect all this. It ought to be written therein that an association or a plant shall manifest concern for the job placement of veterans who have reached pension age and shall set up special work places for them.

I know that many pensioners, even though they are living poorly, still do not go to the charity-type dining facilities, where persons are provided with free meals. "What am I supposed to be—a beggar?!" they say. They want to live on their own money, earned by their own hard work. And we must help such persons to find work. Nowadays veterans' cooperatives are being set up in a number of places. In agriculture they are being established at kolkhozes and sovkhozes. This is a correct and wise decision. We are also conducting such an experiment here in Krasnodar Kray. For example, a production association entitled "Concern" has been set up on the Kuban Kolkhoz in the Krymskiy Rayon; only veterans—about 240 persons—are employed therein. They perform their work quickly and conscientiously. The people are satisfied. Everyone is turning to the veterans for help now.

Many veterans living in rural areas, villages, or small towns keep livestock and poultry on their farmsteads. Such veterans feed themselves and sell products to the state. The Korenovskiy Rayon in our kray has an experimental seed-growing farm entitled "Berezanskoye." Living there is P.I. Kovylin, a veteran of war and labor. He keeps five cows on his farmstead and every day sells as much as 30 liters of milk. He also raises beef cattle. M.A. Vasilyev, a war invalid who lives in the Temirgoyevskaya Stanitsa [village], has three cows, three young bulls, and three pigs on his farmstead. Naturally, Vasilyev sells meat and milk to the state. Here are the totaled-up figures for the Ust-Labinskiy Rayon: this year the veterans have pledged to sell at least 700 tons of meat, 500 tons of milk, as well as 300 tons of vegetables

and fruit. As we can see, the veterans in rural areas are not dependent on the state, but rather provide food for it.

By citing the above examples, I want to show that veterans can still accomplish a great deal for both the society and themselves. After all, they are a varied lot—pensioners and elderly persons.

They are not all incapacitated or extremely aged. A good half of them are capable of and eager to work productively in cities or rural areas. And we must not simply bide our time, but rather seek out every possible way to place veterans in jobs, to set up veterans' production cooperatives in cities and rural areas. When such cooperatives become strong and stand on their own, they will be able to deduct a portion of their profits and contribute it to the veterans' fund—at the rayon or city level—for rendering assistance to those who are no longer capable of working.

In general, we veterans' organizers must seek somewhat harder and think a bit more in searching out means for our cause. Why, for example, should we not play our own veterans' lottery? After all, there is a DOSAAF [Voluntary Society for the Promotion of the Army, Aviation, and Navy] lottery and a sports lottery as well. And the revenues obtained from it would also go into our veterans' fund. What are we afraid of? If you're afraid of wolves, you won't go into the forest....

A veterans' organization should not be purely dependent. It ought to earn its own money and have its own "capital" in its own account. We must depend on ourselves, on our own labor, and not on handouts. But there are still quite a few obstacles for productive work to be done by pensioners at enterprises, and they have to live somehow; so we must render material aid to them. And in order to do this, the veterans' organizations need to have their own monetary funds, to be formed by means of profits from enterprises.

How is the Krasnodar Kray veterans' organization solving this problem? We have good ties and close contacts with party, soviet, trade-union, Komsomol, and economic organs, as well as with enterprise directors and kolkhoz chairmen. The leaders of veterans' councils are represented in all the party organs. There are quite a few of them among the deputies to the local soviets. With such everyday contacts, of course, it is easier to solve our veterans' problems.

The foundation for setting up veterans' accounts in our kray was laid by B.I. Petukhov, the chairman of the Prikubanskiy Rayon Veterans' Council in the city of Krasnodar. Back in 1987 he put before the rayon's Soviet of People's Deputies the matter of opening a special veterans' account for deducting money from enterprises, institutions and citizens of this rayon. A conference of the leading officials from enterprises and organizations

was held in the rayispolkom; and all the directors expressed agreement to render assistance to the veterans' fund by contributing a certain sum to it on a monthly basis. The ispolkom granted to the rayon-level veterans' council the right to dispose of the money being contributed to the fund.

The initiative shown by the Prikubanskiy Rayon's Soviet of People's Deputies and the rayon-level veterans' council was picked up in all the rayons of Krasnodar Kray. Such accounts have now been opened everywhere. These funds are growing and range from 10,000 to 100,000 rubles in the rayon-level accounts. And when reckoned as a whole, this kray's veterans have already received more than a million rubles from these funds.

On what needs is the money being spent? Basically for rendering ad hoc assistance, supplementing the payments to pensions, for housing repairs, and other help for aged citizens in acute need. But specifically to whom? This is decided in the veterans' councils at their places of residence and in their commissions on social-everyday matters, where they know who needs help.

The final decision is taken at a session of the presidium of the rayon-level veterans' council: specifically who is to be issued what money and for what purposes. The sums given out are not large: they range from 30 to 120 rubles. But, as they say, good things come in small packages.

It must be said that this kind of assistance to needy veterans has brought to life yet another kind: enterprises, sovkhozes, and kolkhozes have begun to make supplementary payments to veterans' pensions. In the Ust-Labinskiy, Temryukskiy, Krymskiy, and other rayons these payments have amounted to almost a million rubles. Let me add to this yet another figure: supported by funds from local enterprises, kolkhozes, and sovkhozes, 106 rooming-houses are now being maintained for aged persons.

But let me return to the point where I began. It is more difficult to find jobs for those veterans who want to work than it is to open accounts and create funds. We have blind, deaf-mute, armless, and legless persons who are working: special production facilities have been set up for them. But here are healthy, elderly persons, skilled craftsmen, specialists who are highly qualified and who turn out to be "not needed." And no special production facilities have to be set up for them. A crew, brigade, or shop within an existing enterprise—that is sometimes all that must be decided organizationally.

We veterans know how to work. I am confident that, if we solve the problem of placing elderly persons in jobs, they will render more influence on young persons than is the case at present. Young fellows and girls will say: "Look at the veterans working. And how they work! They are turning out high-quality products and helping the state...."



## RAIL SYSTEMS

### Rail Performance Statistics Issued

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19 Jan 90 pp 1-2

[Article, from materials of the Statistics Administration of the Ministry of Railways: "The Sector's Business, Troubles and Losses"]

[Text] Under the conditions of the country's complicated economic and political situation, exacerbated by elements of nature, work stoppages in individual sectors because of strikes, interethnic conflicts arising in a number of regions in the country, perestroika of the management and economic system has been carried out in railroad transport. Full cost accounting, self-financing and cost recovery have been introduced on the road network. The result of this work was ahead-of-schedule fulfillment of the plan for four years of the five-year plan for freight shipment (according to the sum of the yearly plans). Over 113 million additional tons of national economic freight were transported during this time. Most of the roads coped with the plan for the four years of the five-year plan. The Belorussian, Kemerovo, Tselina, Southeastern, Krasnoyarsk, Dnepr and October roads made the greatest contribution.

At the same time, the following seven roads failed to fulfill the shipment plan: Transcaucasus, Volga, Azerbaijan, Kuybyshev, Far Eastern, West Siberian and Gorkiy.

In the current five-year plan, 1989 was the only year when railroad transport failed to fulfill the assignment. The losses permitted last year considerably reduced the overall efficiency of the railroad workers' activity and the work in progress for successful realization of the five-year plan as a whole, produced in the preceding years.

Despite considerable diversion of cars to eliminate the consequences of the earthquake in Armenia, the transport plan for the first six months was fulfilled. In the second six months—the strikes of the coal miners in separate regions of the country, the nationalist demonstrations in the Baltic republics, Abkhazia, Moldavia, Armenia and particularly in Azerbaijan, seriously complicated the work of the roads and essentially led to the collapse of all the basic work indicators for the year.

In 1989, railroad transport carried 4 billion tons of freight. This is 27.6 million tons less than specified by the plan. Of the 14 types of freight for centralized planning, there were underloads of 8.8 million tons of hard coal, 9.2 million tons of petroleum and petroleum products, 1.1 million tons of iron and manganese ore, 2.7 million tons of fluxes, 11.1 million tons of chemical and mineral fertilizers and 4.6 million tons of timber. At the same time, ferrous metals, grain and remilling products, combined fodder and coke were delivered stably during the year.

The underloading of locally planned freight was about 11 million tons on the whole. At the same time, the assignments for the transport of products extremely necessary in solving social problems was considerably overfulfilled. These were primarily construction freight, potatoes, vegetables and fruits, cotton, meat and butter, and foodstuffs.

The delivery of imported freight was considerably underfulfilled, almost totally because of the second six months.

Seventeen railroads coped with the yearly plan for general dispatch. Some 12 million tons of freight were transported above it. The Belorussian, Odessa, Southern, Dnepr and Baykal-Amur mainlines did stable work. The State order was fulfilled by 16 roads. At the same time, the Donetsk, Azerbaijan, Volga, Far Eastern, Sverdlovsk, Northern and Kemerovo roads had the greatest underloading.

Last year 53.6 million tons were shipped in containers. The plan for transport in large containers was overfulfilled by 4.7 percent. Almost 30 million tons were shipped in them, or 41 percent of the total volume of container transport. The additional revenue obtained from increasing the container loading was 12.7 million rubles.

The average statistical load exceeded the planned assignment by 180 kilograms, and exceeded the level achieved in 1988 by 170 kilograms. The rise in this indicator made it possible to transport over 12 million tons of freight without drawing in an additional fleet of cars. This is more than a day's work for the sector. The State load rose considerably in transporting petroleum and petroleum products, grain, nonferrous metals and sugar beets. At the same time, there is insufficient utilization of cars for loading fluxes, chemical and mineral fertilizers, granulated slags and remilling products.

All the roads coped with the plan for this indicator except for the Southwestern, Moldavian, Azerbaijan, Tselina, Kemerovo, Transbaykal and Baykal-Amur. Moreover on the roads listed, as well as on the Belorussian, Northern and Alma-Ata, the State load was reduced as compared with 1988.

The level of exit routing was reduced, as compared with 1988, by 1.5 percent and was 40.4 percent with the assignment being 41.3. Only on the October, Azerbaijan, Kuybyshev, West Caucasus and Alma-Ata roads did the fulfillment of this indicator exceed the level of the preceding period. The percentage of freight transport by routes was lower than the average for the network and continues to be lowered on the Moscow, Gorkiy, Southwestern, Transcaucasus, Volga, West Siberian and Transbaykal roads.

Unloading Last year on the road network, 7400 cars below the norm were unloaded daily, and 4700 cars—at the level of the preceding year. Only the Belorussian, Kuybyshev, Kemerovo, Krasnoyarsk, East Siberian and Baykal-Amur fulfilled the established assignment. The

lowest percentage of plan fulfillment was on the Moldavian, Transbaykal, Azerbaijan, Transcaucasus and Far Eastern roads, even though these roads had a considerable local freight excess.

Freight turnover in 1989 was 3.849 billion chargeable ton-kilometers. The calculated assignment was underfulfilled by 2.2 percent, mainly through reducing the volume of shipping with a 5-kilometer increase in the transport distance. The Belorussian, Moscow, Gorkiy, West Kazakhstan, Central Asian and Baykal-Amur roads carried out the assignment for freight turnover.

Passenger turnover during the four years of the plan for economic and social development of the sector in the 12th Five-Year Plan was specified to be 1546 billion passenger kilometers. Some 1617 billion, or 104.6 percent of the plan, were actually fulfilled. The North Caucasus, Azerbaijan and Transcaucasus roads failed to secure the assignment. Last year the State order for passenger turnover was 98.6 percent realized. Only the October, Belorussian, Southwestern, Odessa, Tselina, Far Eastern and Baykal-Amur roads fulfilled the established task. About 50 million rubles in revenues were lost because of underfulfillment of the plan for passenger turnover.

Railroad transport services were utilized by 4.3 billion passengers in 1989. This is almost 70 million less than the preceding year. The reduction in volumes occurred on most of the roads. In the summer mass transport period (June-September) the number of passengers carried along the network, as compared with 1988, was reduced by over 30 million persons, particularly on the Transcaucasus, Azerbaijan, Moldavian and North Caucasus roads.

Given the reduction in transport volume in domestic service in 1989, international passenger transport continued to increase. Even with full mobilization of all means of transport, this demand was not completely satisfied.

On the whole for the network no substantial improvement was achieved in organizing transport and passenger service. There are not enough passenger cars. In the four years of the five-year plan, 8800 of them have been supplied. Almost 9800 were eliminated because of their technical state and turned over to the balance of the enterprises of other ministries and departments. This is all with an 11-percent increase in long-distance service passenger turnover.

Fulfillment of the schedule of departures, as compared with 1988, worsened by 1 percent, for running—by 0.8 and for arrivals—by 2.2 percent. The level of schedule fulfillment was respectively 96 percent, 92.7 and 84.3. On-schedule departure deteriorated on 21 roads, and running and arrivals—on 16 roads. The most sizable reduction was on the North Caucasus, Azerbaijan and Southeastern roads. Train delays were caused mainly by malfunctions in the operation of technical devices.

The average daily transfer of cars as compared with 1988 for interroad junctions increased and reached the 390,000 milestone. Transfer of loaded cars rose by 3.4 percent, while for empty ones—by 14.2 percent. Only nine mainlines in the European region coped with the norm for general turnover last year: the Belorussian, Moscow, Gorkiy, Northern, Southwestern, Southern, Dnepr, Donetsk and Volga.

The lack of stability in the work of the roads led to a lowering of the level of a number of operating indicators. For example, the positive results achieved in the three years of the five-year plan worsened sharply in 1989, and as compared with 1985.

Car turnover for the four years slackened by 2.9 percent. At the same time, it was accelerated on 12 roads. The Krasnoyarsk, Central Asian, Tselina, Alma-Ata and West Kazakhstan roads overfulfilled the assignment for the five-year plan.

Car turnover in 1989 slowed down by 6.3 hours, with 4.6 hours—due to the loaded portion of it.

The Krasnoyarsk, Alma-Ata, East Siberian and Tselina roads accelerated car turnover and ensured fulfillment of the yearly assignment.

Indicators for locomotive use improved somewhat in the four years. This level, however, is still far from the established assignment: train weight rose by 72 tons (32 percent of the assigned increase), locomotive productivity—by 58,000 gross ton-kilometers (41 percent), and the average train consist increased by 2 cars.

The average train weight during the year was 3105 tons, lagging behind the assignment by 65 tons. This happened mainly because of the insufficient number of combined trains, large numbers of empty car runs, incomplete utilization of the freight capacity and tonnage of the rolling stock, and dispatching underconsisted and underweight trains.

The development of the technical equipment of the leading sectors of the road facilities has continued in this five-year plan. The extent of secondary tracks was increased by 2500 kilometers (4.9 percent), of lines equipped with automatic blocking and centralized traffic control—by 7000 kilometers (7.6 percent), continuous tracks—by 4800 kilometers (8.7 percent). The electrified polygon has increased by 5400 kilometers (11 percent) and that equipped with heavy rails—by 25,700 kilometers (19 percent).

The transport machine building enterprises undersupplied 418 electric locomotives and 555 diesel locomotive sections in the four years. The increase of freight cars in the stock fleet occurred mainly by virtue of the supply of specialized rolling stock. While the reduction in the fleet of all-purpose boxcars is to a certain extent compensated for by the rise in the number of grain carriers, cement carriers and mineral carriers, with respect to all-purpose gondolas, the serious situation that has formed continues to deteriorate.

The plants of the industry on the whole during the year undersupplied railroad transport by over 5000 new freight cars, and compared with the actual fulfillment of the 1988 plan, supplies were reduced by 1340 cars. Virtually every fifth tank car of those stipulated by the yearly plans for supply was not received, which affects the organization of bulk freight transport. The Bryansk plant of the Ministry of Heavy Machine Building owed transport 130 refrigeration five-car sections.

As in the preceding years, the number of passenger cars supplied failed to correspond to the plan: 2080 cars arrived, or 91.9 percent. The supply from the GDR of 86 compartment cars and by the Kalinin Plant of 97 rigid gondola-type cars was not provided. The Riga Plant lagged behind the yearly assignment in supplying electric and diesel trains.

Last year the plants of the TsTVR [Main Administration for the Repair of Rolling Stock and Spare Parts Production] reduced the output of capital repair for all types of rolling stock. They could not achieve even the low planned milestones in updating diesel locomotives, passenger and freight cars. The yearly assignment for freight car repair was underfulfilled by 2400, or by 2.1 percent. The Barnaul, Darnitskiy, Kanash, Ordzhonikidze, Panyutino and Tselinograd VRZ [car repair plants] lagged behind the plan.

The Anzher, Voronezh, Vologod, Dnepropetrovsk, Zhmerinka, Oktyabrskiy, Ordzhonikidze and Chita plants failed to cope with the plan for capital repair of passenger cars; of diesel locomotives—the Astrakhan, Voronezh, Daugavpils and Tashkent; of electric locomotives—the Chelyabinsk and Yaroslavl'skiy; of electric sections—the Tbilisi.

For the further development of the sector's material-technical base and improvement of social conditions for the transport workers, in the four years of the 12th Five-Year plan there was an overexpenditure of over 27 billion rubles of capital investments (99.5 percent of the plan), including 11.2 billion rubles (99.9 percent of the plan) for construction installation work. The assignment was fulfilled for putting housing into operation, construction of general education schools, child care centers, hospitals and polyclinics. The planned assignment was underfulfilled only with respect to electrification of lines and to equipping switches with all-electric interlocking.

In 1989, through all sources of financing (including BAM), 30 million rubles (0.5 percent) more than the established volume of capital investments was utilized. At the same time, 70 million rubles worth of capital investments were not utilized on the road and subway network. The volume of construction-installation work was fulfilled by 2.8 billion rubles (100.6 percent).

Through all sources of financing, allowing for its own construction and ZhSK [housing construction combines], over 45,000 apartments with a total area of 2.5 million square meters (104.3 percent) were constructed. At the same time, as a result of the slack attention paid by enterprise buyer-directors to the earlier adopted plans

and obligations, the yearly plans were not fully realized for introduction of general education schools—96 percent, hospitals—99 percent and polyclinics—95 percent. Of objects for production purposes, the yearly plan was fulfilled for introduction of new lines, secondary tracks and electrification. The yearly assignment for equipping lines with automated blocking and switches with all-electric interlocking, and for the development and extension of station tracks was underfulfilled.

Considerable lagging behind with respect to introducing objects for social and everyday purposes was permitted by: the Transbaykal, which did not ensure putting into operation general education schools, child care centers, hospitals and polyclinics, the Sverdlovsk—general education schools and child care centers, the Azerbaijan—schools and hospitals, the South Urals—child care centers, and the North Caucasus and Northern—hospitals and polyclinics.

In 1989, 143.8 million rubles' worth of nonfood consumer items were produced. This is 31.6 million, or 28 percent more than was specified by the State order.

Railroad transport enterprises rendered the population 4340 million rubles worth of paid services. This is 67 million, or 1.6 percent more than in 1988. At the same time, the plan established by the State order was underfulfilled by 39.4 million rubles, or by 0.9 percent. Lagging behind was permitted mainly because of the reduction over last year in revenues from the main transport activity—transporting passengers.

The plan for carrying out paid unspecialized services was overfulfilled by 26.4 million rubles. Their volume was increased over the 1988 level by 17 percent. Fulfillment of the yearly plan for all roads was ensured except for the West Kazakhstan, Kuybyshev, Azerbaijan, Central Asian and Tselina roads. The highest level of carrying out services was on the Moscow, Far Eastern, North Caucasus, BAM and Southwestern roads.

Subways. A total of 5024 million passengers were transported in 1989, with the plan being 4806 million, or 104.5 percent. The saving in labor, material and fuel-energy resources made it possible to reduce operating expenditures for the plan by 7.3 million rubles. The cost of the transport was reduced by 6.4 percent. The assignment for labor productivity was fulfilled by 115.7 percent.

The yearly plan for construction of lines and facilities for the subways specified utilizing about 769 million rubles of capital investments, and putting into operation 20.4 kilometers of new lines and sections of the subways. In 1989, 36 million rubles were underutilized. The Moscow, Yerevan and Novosibirsk subways, and the Dnepropetrovsk section of the subway under construction failed to ensure fulfillment of the plan for capital investment.

Railroad transport industrial enterprises carried out the plan for yearly transport by 102.4 percent. Some 16.8 million tons of additional freight were carried. The



increase in the transport volume for the past year was 3.5 percent, or 23.9 million tons. The Vladimir, Novosibirsk, Perm, Armenian, Volgograd and Moldavian associations did not fulfill the plan. The plan for loading-unloading operations was fulfilled by 104.2 percent. Some 14.1 million tons were processed above it. The increase in volume of loading-unloading operations as compared with the preceding year was 2 percent, or 10.7 million tons. The Armenian, Vladimir and Moldavian associations did not fulfill the plan for the year.

Labor organization. As the result of introducing the Belorussian method and making the transition to full cost accounting and self-financing in the current five-year plan, the number of railroad transport workers was reduced by over 7 percent and in 1989 was 3.78 million persons.

At the same time, the contingent of those employed in nonproductive sectors rose: in national education—by 6.1 percent, and in medical-health institutions—by 3.2 percent.

In 1988-1989, the operations staff was reduced on all the roads, with the exception of the Baykal-Amur (1.5-fold increase). The greatest cutback was achieved on the Moscow, Donetsk, North Caucasus, Central Asian, East Siberian and Krasnoyarsk roads (from 14 to 17 percent).

Last year, as compared with 1988, the number of workers was reduced on 27 roads. The most sizable—by 2.9-3.7 percent—was on the East Siberian, Northern, Krasnoyarsk, Kemerovo and October roads. On the Baykal-Amur, because of introducing new sections and facilities, the contingent rose by 12.7 percent.

Introducing the Belorussian method ensured high labor productivity growth rates for workers employed in transport. Since the beginning of the five-year plan this indicator increased by 19.6 percent, with the assignment for the five-year plan being 12 percent. At the same time, the entire increase in transport volume was developed through the growth of labor productivity. The best results were achieved by the collectives of the Belorussian, October, Moscow, West Kazakhstan, Far Eastern and Central Asian roads, where labor productivity rose by 26-28 percent.

In 1989, under the conditions of a 1.7 percent reduction in adjusted production on the whole for the network, labor productivity rose by 0.1 percent. Last year 17 roads coped with the established assignment for labor productivity growth. The highest rates as compared with 1988 were achieved on the Central Asian, East Siberian and Krasnoyarsk roads (from 2.5 to 3.5 percent). The Transcaucasus, Moldavian, Sverdlovsk, West Siberian and Azerbaijan roads lagged behind the plan for this important economic indicator.

The average monthly wages of the workers on the operations staff since the beginning of the five-year plan increased by 63 rubles and were 278 rubles. The greatest increase was noted on the October, Moscow, Baltic, Kemerovo, Gorkiy and Azerbaijan roads. Last year, as

compared with 1989, they rose to the greatest extent on the Transcaucasus, Kemerovo, October and Baltic roads—from 6.6 to 11.9 percent.

The hours of overtime work were cut by 28 percent at the enterprises of the basic road services in the four years of the five-year plan. The downtime hours, however, increased by 1.6 percent and constituted 18.8 million hours, mainly because of their increase at the locomotive facilities. Last year, as compared with 1988, overtime increased by 3 percent, mainly in passenger and car service. Some 17 roads permitted an increase in overtime.

Losses of work time resulting from downtimes, absenteeism and leaves with the permission of the management last year rose by 5 percent and constituted 3.5 million man-days. This is equivalent to a daily absence from work of over 13,000 persons. Merely cutting these losses in half would make it possible to increase labor productivity by 0.3 percent.

In the four years of the five-year plan, the situation has improved with respect to organization of work and leisure for locomotive brigades. Trips violating and prolonging the work conditions on the whole for the network were more than cut in half and constituted 252,000. In 1989, because of the complications in operations work, the increase over 1988 of the number of trips in violation of the conditions on the whole for the network was 67,000, or 1.4-fold, particularly on the Southern, Azerbaijan, North Caucasus, West Kazakhstan and Sverdlovsk.

The coming 1990 should be a year of decisive changes. Mobilization of all forces for maximum utilization of available reserves and a considerable improvement in the social position of the railroad workers will be the guarantee of fulfillment of the assignments.

#### New Transport Law Discussed

904H0074A Moscow GUDOK in Russian  
24 Nov 89 pp 1-2

[Article by Ye. Khrakovskiy: "Why Is a New Law on Transport Needed: Notes From a Meeting of the USSR Supreme Soviet's Transport, Communications and Information Technology Commission"]

[Text] All of us remember the extraordinary situation that was created in the Transcaucasus during last summer and the beginning of fall. Nearly a war began on the rails with the sharp aggravation of international relations in Azerbaijan, Armenia and Abkhazia. Irresponsible extremist elements blockaded the transport arteries and put the economy and population of important regions in the country into a very serious situation. Political strikes by railroad workers in Moldavia and Estonia inflicted considerable losses on the national economy.

In this situation, the USSR Supreme Soviet was forced to adopt a special decree entitled "On Urgent Measures To Insure the Uninterrupted Functioning of Rail Transport and the Basic Branches in the National Economy."

Along with drastic operational measures, a draft USSR law on rail transport was commissioned to be developed before 1 Dec.

The subject in a session of the USSR Supreme Soviet's Transport, Communications and Information Technology Commission concerned what this law, which defines the status of this leading branch in the economy—a branch that connects the enormous national economic mechanism into a single whole—should be. Transport scientists, Ministry of Railways directors, USSR Gosplan and other department specialists, and the production commanders from a number of railroads and divisions participated in the discussion along with the people's deputies.

Practically no one doubted that such a law is necessary. One has already existed for a long time in a number of countries—in particular, the United States. We have quite different conditions and the nature of the law should probably be considerably different.

Without a doubt, it is necessary to reinforce legislatively the inadmissibility of any actions that disrupt the normal functioning of the railroads and create a security threat to the movement of trains. You see, the uninterrupted and steady operation of rail transport is one of the main conditions for our state's viability. Those, who intentionally disorganize the work of the railroads, should know that they will not escape responsibility even up to and including criminal proceedings. Practice has shown that impunity for extremists and hooligans and timidity by law enforcement agencies greatly delayed the restoration of the normal transport rhythm in the Transcaucasus.

There is no need to prove that a railroad is a zone of increased danger. One cannot fail to admit that unauthorized persons stroll along station and mainline tracks. In the Moscow hub alone, many more people perish under the wheels of trains during a year than in all accidents on the entire railroad network. Of course, prohibitions alone will not solve the problem. It is necessary to build pedestrian overpasses, tunnels and pathways; fence in stations; and improve security so that unauthorized people will not have any need to enter the area of increased danger. If someone nevertheless wants to cross the tracks, he must be prevented from doing this. Here, railroad workers must work closely with local soviets and adjoining enterprises. In general, the railroad's relationships with local soviets are now acquiring special significance. Since the elections and the restructuring of the political system, the role of the soviets of people's deputies has—without a doubt—grown immeasurably. They must become sole masters on their territory. It is not for nothing that the most urgent slogan today is: "All power to the soviets!" However, what about the Leninist principle of the railroads' extraterritoriality?

With respect to the management of transport and traffic safety requirements, it is extremely important to maintain this principle. There is practically no disagreement

among specialists on this point. In transport, one cannot manage without centralized direction. Retreats here are fatal. They will inevitably lead to a wild outburst of parochialism with all of its unpleasant consequences.

When the discussion at the commission's meeting turned to this, I was reminded of a discussion long ago with the chief of one of the Ukrainian railroads. It was winter. A frost had hit after a rain storm and thousands of cars were laid up. The freight froze and it was impossible to unload it. In the Donbass, it was necessary to supply the maximum possible number of empty railcars from all the closest regions for the coal—even to the detriment of shipping other products. Metallurgical plants and power stations were working from the wheels. If you do not bring coal to a power station, it will not provide power and trains will stop on an electrified mainline. A vicious circle is formed from which it is difficult to exit!

At the time, the obkom secretary sent for the person with whom I was talking: "You are sending empty railcars on errands to our neighbors but you are not loading the crushed stone for the construction of the embankment?" The chief of the railroad tried to explain the situation. They did not understand him or, more accurately, did not wish to understand him. In response, he heard: "You are no patriot of our city. You have probably forgotten where you stand on the party's books."

The railroad chief continued: "Here I was—between the hammer and the anvil. The ministry orders all empties—for the empties disposition list for the Donbass; and the obkom demands the loading of crushed stone for the embankment—stone which will arrive only in the spring. You involuntarily begin to think: If you violate the ministry's order, you will receive a reprimand and they will remove you from your position at the very least. If you wish to have good relations with the obkom, they can still stand up for you. However, if you lay down your party card? What then? It was well that the Ukrainian Communist Party Central Committee intervened...."

No, one cannot command where to load what and how much and what should be shipped first based on purely local or some kind of group departmental interests. In this case, it is necessary to proceed from the interests of the state. It seems that the stress is being correctly placed in the version of the draft law that is being prepared by the Ministry of Railways workers with the help of scientists and lawyers: "The management of rail transport is within the exclusive competence of the USSR Ministry of Railways. Other ministries and departments, republic and local agencies of authority and management, and public and other organizations do not have a right to intervene in the activity of rail transport...."

The subject does not concern the fact that the Ministry of Railways again wants to become a state within a state—as it was before. V. N. Ginko, the first deputy minister of railways, once again affirmed during the commission's session: The railroad workers are prepared to work closely with local party and soviet agencies and to fulfill the latter's legal requests. The main thing is that no

outsider should interfere in the production process and the management of train traffic. Otherwise, one can paralyze the national economy.

There is no argument that the word of a local authority should be the decisive one in many instances, for example, in developing the social area of railroad settlements. Who, if not it, can decide where one can and where one cannot close a crossing? There are thousands of these questions. However, one cannot establish boundaries between divisions and railroads based on parochial and selfish interests and, at times, just to satisfy the party and soviet apparat in oblasts and republics! To do this—despite its technological and economic advisability—to the detriment of state interests.

Once a high ranking guest went to Moldavia, the local authorities talked with him, and the diminutive Moldavian Railroad appeared. They elected Pavlovskiy, a former minister of railways, to the USSR Supreme Soviet from one of the okrugs located in Kemerovo Oblast, they pressed hard on him in the obkom, they persuaded him, and they divided the West Siberian mainline in two despite its technological advisability. How many technologically unsound junctions that seriously complicate work have been born on the capital's mainline under pressure from other oblast directors? I. K. Levshin, first deputy chief of the Moscow Railroad, talked about this with indignation during the session.

I think that they have correctly proposed writing in the law: "The USSR Council of Ministers establishes, reorganizes and eliminates railroads at the request of the Ministry of Railways. The USSR Council of Ministers defines the procedure for changing railroad boundaries."

Discussions have been taking place for many years about the need for a really scientific development of a General Railroad Schedule. However, the matter bogs down in arguments. On the railroads, computer centers and unified dispatching centers are being built and special expensive communications lines are being laid. No one has seriously given proof of whether everything is located where it should be or whether the multimillion expenditures will be worthless.

Generally speaking, the argument about the management structure for transport seems never-ending. Some say: It is necessary to eliminate the railroads and only keep the divisions. Others, on the other hand, think that the divisions are an extraneous link. They declare: The line enterprises can completely manage a railroad's services. They, however, evidently forget or simply do not know (our generation is not very in tune with history, generally speaking) that all this had already existed and was repudiated by life and work practices.

Many years ago I rummaged through NKPS [People's Commissariat for Railways] report materials on a plenum of the Council of Railroad Boards that existed at the end of the Twenties. I stumbled across very typical entries:

"Each of the individual aspects in transport activity (traction, track, communications, operations, commercial activity, finances, etc.) is divided into special, exclusive and self-contained 'service' departments that are connected with each other not by internal communications but by common external subordination to a single leadership. From this come the greatest separatism, the age-old narrow-mindedness of each of the services, the endless arguments between them over questions of competency and responsibility, the medieval isolation, and the reticence, ...."

This is where the sovereignty of the services leads! The conclusion drawn in the document is a very topical one today.

"... Rail transport, just as any other enterprise, can only operate with the coordinated, harmonious and 'fused' work of all its component parts. Moreover, it is in transport that this problem of coordinating different work elements has immeasurably greater importance and harbors extremely larger capabilities than any other branch of industry."

Deputy V. I. Kolesnikov is completely right in standing up for the law, especially emphasizing the importance of the synchronous and uninterrupted operation of rail transport and setting off and strengthening everything that aims at this.

The question: Is it necessary or not to strengthen the transport management structure in the law, was extremely controversial. The people's deputies, scientists and specialists have still not arrived at a common opinion. The danger that centralization and the strengthening of administrative methods would hinder the economic reform that is taking place middling well in the country and in transport, in particular, was expressed. V. A. Tetenov, the commission's chairman, said frankly that the present Law on a State Enterprise is practically inapplicable to rail transport. He expressed the opinion that it is necessary to support in every way possible those collectives and directors who are searching for ways to use economic factors in transport enterprises.

The commission listened with interest to the reports of Ye. B. Ayzenberg, director of the economics department in the Rostov-na-Donu Rail Transport Engineer Institute, and V. M. Feldman, of the Rostov NOD on the well-planned experiment that had been begun in the division. The management structure essentially remains unchanged but the functions and nature of the mutual ties and interrelationships of all links are being fundamentally changed. The cost accounting independence of the line enterprises, between which economic contract relationships operate, has been placed at the basis. A council of directors heads the division. The NOD is subordinate to it. Two boards are being established: a board for managing shipments with an automated regional center for controlling traffic and a board for servicing passengers. They are also under cost accounting. The board for managing shipments settles



accounts with the depot in locomotive-hours. The indicators of the other line enterprises, for which mutual calculations are done, are also aimed at the final results—the fulfillment of the maximum amount of shipments with the least amount of expenditures. A great deal is, of course, still in the formation and getting-used-to process. The psychological restructuring of people has still only taken its first steps, and this is the most important thing in the final analysis. However, the difficult process is underway.

NOD has cited a very typical fact. They have held meetings in the locomotive depot. They decided who should be sent to the all-union conference of railroad workers. Someone said that we have always sent the best engineers in these cases; however, this time, let us send the depot's economist.

Many can say: What especially new did the Rostov people think of? Something similar already exists on the Chelyabinskoye Division; they have tried to introduce cost accounting on the Moskovsko-Ryazanskoye also. Matters have not progressed as they thought. The Rostov people are happy and hope that the scientists will go hand in hand with the practical workers and that the systematic nature of the approach and the desire to think about stages and the mechanism of the changes will win them over. I think that it is necessary to agree with V. A. Tetenov: It is necessary to support the search. These experiments are very necessary now.

The deputies expressed justified complaints addressed to the VNIIZhT [All-Union Scientific Research Institute of Railroad Transport] and the leading transport VUZ. The concept of restructuring the economic mechanism in rail transport has not been worked out practically. Our branch is an extremely specific one. The overwhelming portion of income from shipments is earned not by one but by several railroads at once. That is why they are immediately received on the ministry's centralized accounts and subsequently distributed among the railroads. The divisions and enterprises are financed from these assets. It is just the reverse in industry; the enterprise receives income for its output and part of it is allotted to the higher links. The very product of transport is also specific—shipments. It cannot accumulate, save and produce it in another place or purchase it abroad. And something else. It is one thing to transport freight in the Caucasus Mountains and quite another—in the Barabinskaya steppes. The expenses are difficult to compare but the tariff is the same. It is necessary to reflect these and many other extremely essential branch peculiarities in the Law on Transport if one is to introduce the concept of an economic mechanism into it.

Contradictory opinions were expressed during the session about the advisability of electing enterprise and association directors on the railroads. Practice has shown that this frequently does not contribute to strengthening discipline, which is particularly important in transport and extremely necessary today. At times, they elect chiefs who are soft and non-demanding commanders and who play up to narrow group and selfish

interests. Yu. N. Detta, chief of the locomotive service on the North Caucasus Railroad, said that we encounter this very frequently on the railroad. Would it not be better to recommend a director to the collective and confirm him after his candidacy has been approved by the collective?

The language question is very important for the safe and uninterrupted operation of transport. There have already been cases where railroad workers, who did not understand each other because they spoke different languages, have caused an emergency situation fraught with accidents having very serious consequences. It is necessary to reinforce legislatively the fact that service intercourse in train and dispatcher communications and in enterprises, organizations and institutions, which are connected with insuring traffic safety and servicing passengers, as well as in service business correspondence and training, reporting, commercial, and technical documentation should be conducted in the Russian language—the language of international communications in our country. Information and advertising in stations, terminals and freight offices and on trains should evidently be in two and, perhaps, in several languages—besides Russian, in the state language of the union and autonomous republic or oblast.

In summing up the results of the discussion, the commission members thought that the preliminary versions of the draft law on rail transport need serious revision. It is necessary to involve a wide circle of scientists, specialists and lawyers to speed up this important work. The railroad workers require that the adoption of this law be accelerated.

### Stations' Work Performance, Capacity Reviewed

904H0074B Moscow GUDOK in Russian 24 Nov 89 p 2

[Article by Ye. Arkhangelskiy, VNIIZhT [All-Union Scientific Research Institute of Railroad Transport] leading scientific associate: "Special Attention on the Stations"]

[Text] Moscow—A very important role in the transport process belongs to stations and hubs. Approximately 15 percent of all locomotive work falls to the lot of station shunting. During the past 20 years, the number of cars dispatched annually from stations has increased by more than 1.5-fold, but the length of track by only 27 percent, that is, the volume of work has outstripped actual capabilities twofold.

According to many parameters, the expansion of station and hub capabilities is lagging behind today's requirements. Only half of all classifying has pre-hump parks, and a quarter—dispatch parks. Generally speaking, a third of the classification yards do not have humps. Almost as many break up railcars at non-mechanized humps. This does not permit more substantial reductions to be achieved in the demurrage of through railcars and in their handling costs.

The insufficient length of receiving and dispatching tracks and the shortfall in switches with electrified

interlocking cause large unjustified losses in the use of the railcar pool. As a result, approximately 65,000 through rail cars must be additionally processed daily due to the station's inadequate track development and technical equipping. This corresponds to the capabilities of 10 large classification yards.

The station expansion plans, which CPSU Central Committee and USSR Council of Ministers decrees provided for during the two previous five-year plans, have not been completely realized. They are not being fulfilled even now. Such an important indicator of capacity commissioning as "kilometers of station track" have still not been included in the national economic plan. This reduces the responsibility for fulfilling the tasks facing us.

Incomplete construction is inflicting considerable damage, that is, when the commissioning of secondary tracks, new lines, electrified sections, safety interlocks, and dispatcher interlocking is carried out without completing the work to expand the stations that are included in this complex. As a result, the planned effect from implementing broad-scale measures is not being achieved.

You see, the stations' work volume will increase all the time. This means that a faster growth in the deployed length of station track and technical equipment is required to eliminate the shortfall in their development. This is required in order to establish conditions, which are close to the optimum ones, including during periods of the more intense arrival of trains for processing.

Thus, the mastery of the growing work volumes of stations is unthinkable without using intensive resource-saving technologies (based on advanced standard technological processes), building special tracks and other facilities for the make-up of group trains at the stations, increasing the number and length of station tracks for handling heavily loaded and combined trains, completely mechanizing and automating (based on micro-processor equipment) the handling of consists at humps, introducing automated control systems at key classification and freight yards, etc.

Considering the future, it is also necessary to expand freight and section stations for the purpose of performing classification work at them. This requires the expansion of parks for handling through trains, the establishment of conditions for forming combined section and group trains, and the building of classification facilities to handle rail cars. It is necessary to establish bases for an operational reserve of empty railcars and their preparation for loading in concentrated loading areas as well as at large ports.

Of course, the task of increasing the stations' throughput and processing capabilities involves large expenditures. These cannot be avoided. Otherwise, it will be necessary to inflict even more appreciable losses on operational work. Estimates show that—in comparison with 1961-1985—the increase in the deployed length of station track during 1991-2015 should be at least 20

percent higher. On the whole, the successful fulfillment of the planned program for expanding stations will minimize the delays of trains on the approaches to them and will establish conditions for the steady operation of the entire transport conveyer line under optimum conditions.

### Role of Rail Automated Dispatching Control Center Reviewed

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23 Oct 89 Second Edition p 1

[Article by I. Pestun: "Clots"]

[Text] The Ministry of Railways automated dispatching control center (ADTsU) is not as widely known as, for example, the space TsUP [transport control center]. However, these days when solid "clots" have formed on the railroads, earthly concerns force us to look intently at the blinking map of the country's railroads. What is happening on them?

What, properly speaking, should the ADTsU schematic show when the railroad network is operating normally? There are 158 junction points on its entire length. There are signal lights and digital indicators near 68 of them which represent—based on the experiences of Ministry of Railways traffic personnel—the greatest complexity. When everything is operating normally, the lights do not burn or blink and—on the indicators—the number of the railcars being received from railroad to railroad is equal to those being handed over. Yesterday, 15 junction points began to blink alarmingly at 1600 hours.

G. Ivannikov, the chief of the Ministry of Railways main computer center, says: "The picture changes every 15 minutes and it is entirely transformed by 1800 hours when the railroad day expires. The railroad administrations try to move in all reserves in order to fulfill the day's quota by this hour. However, points in the Kuzbass and Donbass, seaports and border stations are still, nevertheless, short many thousands of railcars."

"Perhaps, the network cannot operate autonomously and orderly without a reporting hour, commands from Ministry of Railways dispatchers, and instructions from the minister—in other words, without the intent look of the Ministry of Railways?"

Grabit Savvich replies: "Rationally—no. The ADTsU dispatchers do not engage in the construction of each consist. This is the concern of the assistant stationmasters, division dispatchers and railroad administrations. One can say that our task is to 'reconcile' the railroads. You see, it is no secret that it is much more profitable to load railcars than to busy oneself with empty consists. However, our dispatchers must now intervene in the work of even small stations, for example, such as Norashen in Azerbaijan...."

In the Ministry of Railways, they do not mention the center's intervention without a shadow of embarrassment.... This is understandable: Any operational pressure from above is a sign of a lack of trust in the local

command personnel—and this is now unpopular. However, what will you do? These days, the surplus of railcars has reached 11,000 on the North Caucasus mainline and approximately 10,000 on the Donetsk and Southern railroads. Let us add to this the 35,000 railcars above the norm standing idle in 700 abandoned consists.

Special USSR KNK [People's Control Committee] brigades have already been on the network's most difficult sections for a month, checking on the work of both the railroad workers and their clients. Nevertheless, the situation remains an alarming one. The railroads are the carriers of the national economy's life blood. They keep the thermal power on its heart's weak "flow." Winter "eats up" a million tons of coal daily; now, 750,000 tons are being brought in. At such rates, it is possible that the thermal power stations will be on hunger rations in January—at a time when the depots are bursting with mined coal!

In our everyday consciousness, the railroads have always been regarded as a semi-military department where both regulations and orders are not discussed. It would seem that, in view of this, any Ministry of Railways instruction should permeate the system through and through—even to the traffic controller—and have an immediate effect. On a number of railroads, however, the "clots" are dissolving slowly because the capabilities of the Ministry of Railways dispatchers are not unlimited. They do not go beyond the limits of the stations, beyond which are numerous railroad clients.

Operational data shows: the pool of railcars, which have not been unloaded, has reached more than 1,500 in the Ukraine due to the fault of enterprise customers; approximately 700—in Kazakhstan; and more than 400—in Armenia. In the RSFSR, Rostov Oblast, the Maritime Kray and Volgograd Oblast are "in the lead" in holding up railroad cars.

The holy of holies of the railroad's smooth operation—nighttime unloading—has been shaken. As a result of this, the normal demurrage of railcars on enterprise sidings has grown. An extra 40 minutes, accumulated for each railcar, expressed itself as a shortage of 40,000 cars in August and 49,000 in September. This represents millions of tons of freight not transported—petroleum products, ore, coal, timber, and imported goods.

The main reason for the clients' failure to turn them over is economic irresponsibility. Approximately 200 million rubles in fines, which were transferred to the Ministry of Railways system over the course of the year, have not been added to the unloading points; rails have not been modernized, and rotten ties have not been replaced. Enterprises are especially "generous" in paying fines on days off and holidays when the receipt of freight almost completely halts.

V. Zakharenko, first deputy chief of the Ministry of Railways Transport Administration, is not afraid to appear reactionary. Finding a quarter of an hour, he said to me:

"Previously, everyone engaged in unloading railcars. Now, this concern has left the party raykoms but it has essentially not gone to anyone. We at the selectors are tearing our vocal chords. You call the Kusbass and Donbass strikes signs of democracy but for us they are not even spokes in a wheel—rather they are sand in the axle-box and—a fire. Is the railroad sick? Yes, it is sick just as an organism is sick with high blood pressure; however, how will we diagnose it? Even other respected deputies argue about it from the viewpoint of the passenger who remains without a ticket...."

Today, it's as if any Ministry of Railways traffic worker, who is located at the junction of direct lines, is a bundle of nerves. We will make allowances for the ardor of the people with whom we are talking. Nevertheless, this is a trite item today, since many while away the night on leather couches of prewar design. It is far more important to scrutinize the inconspicuous "routine" work of ministry departments from where official letters about the branch's condition, which—to put it honestly—has interested us little on regular weekdays, go "upward" from day to day.

The railroads have been asking for help for a long time. The planned commissioning of 220 kilometers of new track and 770 kilometers of secondary track has been disrupted since the beginning of this five-year plan; 950 kilometers have not been electrified; and hundreds of diesel locomotives, hundreds of thousands of tons of rails, and tens of millions of ties have not been delivered. Our great railroad power has "threatened" to build ... 22 kilometers of secondary track next year.

It is understandable that now, during these last days before winter, neither the ministries of railways nor their cooperating partners and suppliers will at once add gravity humps, update the railcar pool, and increase the speed of consists. The real way to eliminate the "clots" is to free railcars more rapidly and put them into circulation. If the mentioned figures appear too abstract to the reader, let us suggest a very simple multiplication exercise. A freight car of coal will heat a school or kindergarten for a winter. Yesterday, more than 30,000 motionless freight cars had accumulated on the railroads. Do the calculations for yourself.

#### **Moscow Metro Improvements Planned**

904H0046C Moscow IZVESTIYA in Russian  
01 Nov 89 Morning Edition p 1

[Article by V. Belikov: "The Moscow Subway Construction Administration Does Not Want To Lose Time"]

[Text] Muscovites will receive new subway stations in the northern and western parts of the capital a year earlier than planned; however, this will not remove the problem of expanding the underground transport network further.

Timiryazevskaya Station is one of the five new ones on the route that is being built in the northern part of Moscow. The unusualness of its design consists of the fact that an enormous platform area, which is covered by



a single arch without any supporting columns, has been built at a large depth for the first time in the practices of Moscow's subway builders.

Yu. Koshelev, Moscow Subway Construction Administration chief, says: "The work on this very critical element—the water barrier 'canopy'—was entrusted at our suggestion to one of the design cooperatives. They found an interesting solution which permitted the ceiling's installation to be completed with a high degree of reliability in one and a half months instead of the one year that would have been required if normal engineering processes had been used. The gain in the time for completing the building of this radial, which was initially planned for the end of the present five-year plan, will permit us to regroup forces and equipment to fulfill next year's large program."

**"The construction of new subway sections is also being carried out in other rayons of the capital. How are things going?"**

"The building of the finishing section of the Kaluzhskiy radial with two stations, Yasenevo and Bittsevskiy Park, will be completed in the city's southern outskirts by the end of this year. The construction of the section from Molodezhnaya to the new station of Krylatskoye is coming to an end in the western sector. Its planned commissioning time is the end of next year; however, we have decided to advance it and also hand it over by the new year, 1990, or immediately thereafter."

**"From what you say, Yuriy Anatolyevich, the desire of the Moscow's Subway Construction Administration's leadership and collective to condense the timeframes for building the new lines is evident. What dictated this?"**

"It was in no way a desire to achieve 'record indicators'—as occurred previously—but a sober analysis of the situation. Today, the Moscow Subway Construction Administration lacks approximately 12,000 workers in various specialties, including the most critical ones requiring high professional training. The situation is complicated by the fact that several cooperatives have unleashed a downright 'hunt' for these masters with golden hands, enticing them with a twofold or threefold increase in wages. With the remaining personnel, we simply cannot cope with the increased amount of work during the next five-year plan without flexibly maneuvering people, equipment and resources."

"As the Moscow Progress-95 Program points out, it is necessary to build 50 kilometers of new lines by the middle of the next decade. However, the absence of the necessary designs and documents is already causing quite a bit of alarm today. The Moscow city planning, design and architectural organizations lack a clear perspective of where to build the subway lines, not to mention the releasing of future construction sites and the lay-out of engineering service lines from them."

**"Is it possible to count on, as was previously planned, next year being the time for the commissioning of the second inclined exits in the three operating and most overloaded**

**stations—the Belorusskaya-Koltsevaya, VDNKh [Exhibition of USSR National Economic Achievements] and Baumanskaya?"**

"For a long time, they did not allocate us the sites for this construction. Only recently did we receive an opportunity to deploy our subunits in the section near the Belorussian train terminal square and begin work. The city's organizations recently began to resurface their underground facilities near VDNKh, clearing a space for our tunnelers. The second exits will not appear before 1991."

**"The situation at the Baumanskaya station is the worst of all—we cannot even begin to prepare the area there."**

### Track Repair Problems Cited

904H0061A Moscow GUDOK in Russian 14 Nov 89 p 1

[Article by V. Prigornitskiy, chief of the West Siberian Railroad's track service production department: "They Have Slipped On the Ballast"]

[Text] Novosibirsk—At the beginning of October, GUDOK had already written about the disastrous situation regarding the fulfillment of the track overhaul plan on the West Siberian Railroad due to the failure to deliver wooden ties. For understandable reasons, the author of this article did not focus one's attention on the "side effects." However, the railway engineer specialists probably surmised: Since the track overhaul plan on this railroad was blocked, the targets for other types of track renewal would also be blocked—and all the more so.

And so it is. The shortfall in medium and development repairs exceeds 170 kilometers at least. This is not even a shortfall but the final result. An early winter has broken out on us here in Siberia and has not left us any hopes for correcting the situation.

One must now extract a lesson from the defeat so as not to repeat the mistakes next season. It appears that one of the reasons for the failure of the medium and development track renewal plan was the failure to deliver new wooden ties for the overhaul. As a result of this, the normal technological chain was disrupted when the grids, which had been developed for the main routes, were shifted to less active ones—most frequently, station tracks. Last season, this rule was rather the exception. In order to at least somehow patch up the holes, it was necessary to change ties selectively on the main tracks, and quite a bit more manpower and time than usual was spent on this. Nevertheless, warnings are now in effect on 360 kilometers when the norm is 160.

As you see, the situation is not the best. Nevertheless, one cannot write everything off to the failure to deliver ties. The shortage of ballast also had a great effect. The railroad received only 500,000 of the 910,000 cubic meters allocated. Under this circumstance, can one talk about the performance—especially a qualitative one—of all types of repairs, especially medium and development ones?

Here, neither the foresters nor the USSR Council of Ministers were guilty; rather it was the railroad workers themselves. The delivery of ballast is essentially an interdepartmental concern for us. Our railroad and a number of others receive it from the Sverdlovsk Railroad. They should receive it, but ....

The mining of ballast and the organization of its export are, of course, not a simple matter. It is understandable that one cannot pile everything here on the Sverdlovsk—it needs help from the railroad recipients. You see, however, the demands of the Sverdlovsk people sometimes exceed these limits. They say, build your own track and bring your own machinery and containers. What this will cost us, no one wishes to think. It's as if we have quite different management conditions and are rolling in money. The Sverdlovsk people refuse to conclude some agreements; however, cooperative efforts are needed here and our ministry should take the connecting role upon itself. However, it still looks at all of this through its fingers, displaying a strange feebleness where it is necessary to use its authority. In return, the ministry sharply turns into something else.

Sverdlovskiy is far from being the best asbestos ballast. However, we are not now talking about quality but about something that is easy and required for the transport of a certain type of rolling stock—scarce gondola cars. They are mainly needed for the delivery of coal. Here, where the interests of the customers and our own needs intersect, we come off the losers—at the behest and desire of our department's leadership.

Why? Because (I know this not by hearsay) it often happens as follows: Today, after complaints from the railroads—the receivers of the ballast—the Ministry of Railways issues a command to the Sverdlovsk Railway directors to immediately adjust the shipments of this product; however a "scolding" follows tomorrow because it fails to deliver empty gondola cars to that same Kuzbass according to the empties disposition order. It's as if the West Siberian Railroad is not located on a passing avenue but is the Kemerovo Railroad where the same misfortunes occur with ballast. Our railroad received—all told—one shipment of ballast, that is, some 5,000 cubic meters, as a special shipment during the past summer track work season and the preparation period for it.

A conclusion inevidently comes to mind. With such an attitude toward one's own needs, we will not be able to export coal normally in the not too distant future—the track will fall to pieces.

#### **Rail Material, Technical Supply Shortcomings Scored**

904H0061B Moscow GUDOK in Russian 14 Nov 89 p 3

[Article by S. Osmolovskaya: "Don't Wait for a Command"]

[Text] According to a recently established tradition, the agricultural year's results are summed up by November.

It is by this time that a good manager has calculated what he sowed and what he harvested into the corn-bins and begins to prepare for the next harvest. They have also acted this way in the Ministry of Railways this year.

Recently, the ministry's collegium summed up the results in fulfilling meat and milk production quotas on the farms and market gardens attached to rail transport and admitted that they were unsatisfactory. You see, the majority of enterprises have still not provided themselves with their own agrarian departments. Only one-tenth of the subunits and only 38 of the more than 7,000 stations have them. Whereas last year's meat and milk production plan was fulfilled by 86.5 percent, one can now only count on 85 percent. During the last three years, the Azerbaijan and Transcaucasian railroad workers received only 33 tons of meat instead of 610. The situation is little better on the Baltic, Moldavian and Lvov railroads. The Moscow and Southeastern railroads are greatly lagging behind.

Today, there are more deficiencies than successes in the operation of the subsidiary farms. The land is frequently used inefficiently due to the incompetence of the personnel and the absence of control by the subdivision chiefs. The agricultural crop yields and animal husbandry productivity are at a low level. A third of the subsidiary farms do not have their own arable land and experience great difficulties with fodder.

However, the collection of food wastes in public dining enterprises, housing, kindergartens, schools, hospitals, and dining cars and the gathering of bread leftovers on passenger trains are poorly organized. The percentage of this very high calorie fodder in the animals' rations is less than 20 percent on the Krasnoyarsk, East Siberian, Volga, Far Eastern, Kemerovo, and other railroads.

Last year, the Kemerovo, Southern, Transcaucasian, and Azerbaijan mainlines did not invest a single ruble in the organization and construction of agricultural installations. Yes, a number of other railroads are also not hurrying to loosen their purse-strings. The cattle are kept in adapted and, at times, broken down premises. These are not sufficiently equipped with the required mechanisms, they lack modern fodder preparation shops, and the majority of the work is performed manually. This condition of the material base inhibits the introduction of a family and collective contract and lease relations. What is surprising about the high prices of the products being produced and the losses which the mismanagement entails?

The collegium has required the chiefs of the main administrations and railroads to examine personally the state of affairs on the subsidiary farms of the railroad divisions and plants and to hold those, who have not insured the fulfillment of the quotas, strictly accountable—up to and including their release from the positions that they occupy. When necessary, one should solve the question of combining the small subsidiary farms, which are located at one hub, into one large farm or

sovkhoz in which all enterprises participate on a cooperative basis. Considering the great importance that the improvement of the fodder base plays in the production of animal husbandry products, one should actively see to the allotting of tracts of arable land in local soviet agencies, expand production ties with kolkhozes and sovkhozes on a contract basis and introduce advanced forms for organizing and paying for labor more persistently.

The collegium has entrusted Comrade Korenko, a deputy minister and chief of the Material and Technical Supply Main Administration, and the railroad chiefs to take specific steps to improve the supplying of transport sovkhozes and subsidiary farms with motor vehicles; excavating machines; bulldozers; ferrous and nonferrous rolled metal products; and lumber, construction and other materials.

It was decided to arrange for the re-training of leading sovkhoz and subsidiary farm cadre and specialists through the country's agricultural VUZ and to encourage in every way possible those who achieve high results in the production of meat, milk and other products—presenting Ministry of Railways awards to those who distinguish themselves the most.

Comrade Sinenko, chief of the Worker Supply Main Administration, was singled out for his unsatisfactory work in expanding subsidiary farms and for his low exactingness towards the directors of the organizations under his department. The chiefs of other Ministry of Railways administrations and railroads were warned about their personal responsibility for the expansion of subsidiary farms and the fulfillment of meat and milk production targets.

This is the gist of the adopted decree. Let us say right out that it does not evoke optimism. They mentioned shortcomings, they rebuked important chiefs, and they outlined special measures. How familiar this is! Similar decrees have already been adopted on this question. The result? Everything has been said about it. However, one has not talked about something else—how to get out of this situation.

You see, it is evident that, in preparing for the collegium, the Worker Supply Main Administration, which has been called upon to manage the agricultural sector, could not thoroughly analyze and comprehend the situation, which has been created on the railroad network and introduce serious, constructive and economically sound suggestions that would help change the situation.

You see, profitable farms, where matters have been arranged excellently, really do exist in transport, and people receive real help from them. Let us recall the station of Seyma. There have been schools of progressive experience and, incidentally, the Ministry of Railways has also adopted an approving decree. However, Seyma remains the only one—as before. Why? There is no answer.

After the examination of this important problem in such a high agency, the railway chiefs and other commanders are waiting for recommendations on what to do and how to do it—but in vain. They themselves must solve the questions.

#### **Marshalling Yard Automated Equipment Tested**

*904H0061C Moscow GUDOK in Russian 14 Nov 89 p 3*

[Article by V. Zhulkov, chief engineer in the Moscow Railroad's signals and communications service, and Yu. Borovkov, VNIIZhT [All-Union Scientific Research Institute of Railroad Transport] laboratory manager: "Automatic Equipment at the Hump"]

[Text] "Soyuzzheldoravtomatizatsiya" Scientific Production Association scientists and VNIIZhT designers working with Moscow Railroad officials have completed an important stage in the branch's Stantsiya Scientific Technical Program. GALS RTs rapid response, hump, automatic, locomotive signaling with frequency track superimposition circuits has been put into permanent operation at the odd-direction classification hump at Losinoostrovskaya. When bringing a consist to the hump, a shunting engine engineer now sees on the locomotive traffic light the light indicators of the hump traffic light located at a considerable distance from the locomotive. The engineer is also informed of the required speed for the consist and its current movement conditions.

In the opinion of locomotive depot workers, the innovation will simplify the work of engineers who work, as is known, by themselves.

At the present time, the construction and installation work to introduce the system on the even-direction classification hump at Losinoostrovskaya Station in 1990 is being performed.

#### **Conference Examines High-Speed Rail Line**

*904H0096A Moscow ELEKTRICHESKAYA I  
TEPLOVOZNAYA TYAGA in Russian  
No 10, Oct 89 pp 12-13*

[Report by ELEKTRICHESKAYA I TEPLVOZNAYA TYAGA special correspondent B. N. Zimting: "High Speed: A Step Ahead?"]

[Text] A conference of specialists on high-speed rail transport has been held in Leningrad. Its organizers included the USSR State Committee for Science and Technology, the Ministry of Railways, the VNIIZhT [All-Union Scientific Research Institute of Railroad Transport], the management of the October Railroad, the LIIZhT [Leningrad Institute of Railroad Transport Engineers], the TsNIITEI [Railroad Transport Information, Economic Technical Research and Propaganda Central Scientific Research Institute], and the VELNII [All-Union Scientific Research Institute of Electric Locomotive Manufacturing]. Specialists from other ministries, departments, organizations, and institutions that are



directly concerned with this problem took part in the conference. Guests from France, the FRG, and other European states addressed the gathering and shared their experience in building and operating high-speed rail lines.

It is worth remembering that the Government of the USSR approved 14 state scientific and technical programs in December 1988, including the program "High-speed, ecologically clean above-ground transport." It has three major directions: a railroad mainline from the Center to the South, a means of transportation by magnetic suspension, and an ecologically clean motor vehicle. The "Center-South" scientific and technical program also became a subject of discussion at the conference.

The location for holding such a representative forum was not selected by chance. Leningrad is the most important center of scientific and technical thought in our country, and the October Railroad has been a proving ground for developing advanced equipment and technology in the transportation process in all the stages of its historical development. As far back as 1965, speeds of 120, 140, and 160 kilometers per hour were reached on the Moscow-Leningrad route; this became the result of the steps taken to increase the technical strength of the track, to introduce modern types of traction, and to improve the organization of train traffic.

The history of the development of rail lines and railroad equipment has invariably been associated with the aspiration to increase the speed of all categories of trains, primarily passenger trains, of course. High speed has been developed most rapidly and efficiently on the electrified sections.

The GKNT SSSR [State Committee for Science and Technology] and the Ministry of Railways did not change the established tradition and assigned the October Railroad, and specifically the Moscow-Leningrad route, to be an experimental proving ground for further development of high-speed trains; the objective of reaching a speed of 200 kilometers per hour was set, and this was accomplished. In March 1984, an EP200 high-speed electric train began regular service between the country's two largest industrial, political, cultural, and historical centers. The 5 years of experience in operating the express demonstrated its obvious popularity and competitiveness with Aeroflot.

It is quite apparent that there is a clear demand today for a change in the very structure of high-speed traffic and a need to shift to frequent service with this category of trains during the day, taking their arrival and departure in both the morning and evening hours into account.

A characteristic feature of the transportation link between Moscow and Leningrad is its steady flow of passenger traffic, with a clear tendency to increase. Analysis shows that the annual increase in the passenger flow is 3 to 5 percent, and by the year 2000 it should increase by 25 to 27 percent. In the event that the plan to build a new high-speed mainline from Leningrad to

Moscow is realized as an integral part of the "Center-South" program, the actual increase in the passenger flow will reach 40 to 42 percent, taking into account the innovation and comfort factors of the new rolling stock.

Sociological polls conducted in Leningrad and on trains from Moscow to Leningrad showed that 78.8 percent of those questioned support the idea of developing a high-speed mainline between these cities. When the time to transport a passenger from Leningrad to Moscow is reduced to 2.5 to 3 hours by high-speed, ecologically clean rail transport, taking the high level of comfort and the number of passengers traveling at the same time into account, it becomes practically beyond comparison with Aeroflot.

It cannot be denied that sitting on a train early in the morning in Leningrad and beginning the work day in Moscow is appealing. And we can catch the "Vremya" program at home. Fantastic! But this is already reality for someone. The world realized the advantages of high-speed routes long ago. In Western Europe, a unified European network of high-speed railroads is being developed. Research in this field is being conducted in a dozen more countries, including some socialist countries. In Japan, the high-speed ("Sinkansen") system, about 2,000 kilometers long, has operated for over 20 years. It has not had one accident in which persons were killed in all this time.

G. M. Fadeyev, the USSR first deputy minister of railways, opened the conference by noting that, based on experience in other countries and the calculations of Soviet specialists, the new mainline will improve the transportation links between Leningrad and Moscow and the country's south, it will change transport service in a number of regions, and because the time for the trip is reduced, it will exert a positive influence on labor productivity and the people's relaxation. By shifting the additional transport volume from other forms of transportation to itself, the new mainline will resolve a number of ecological problems and will produce a savings in fuel and power resources. The safety of train traffic will be increased at the same time.

Construction of the new line will reduce the time en route from Moscow to Leningrad from 8 hours to 2.5 to 3 hours, the time from Moscow to Simferopol will be reduced from 23 hours to 5 to 7 hours, and the time from Moscow to Sochi will be reduced from 33 hours to 9 to 10 hours.

The scientific plan now being worked out provides for construction of the main section from Leningrad to Moscow first, with continuation of the route to the country's south later on as the most expedient solution. Fundamentally new technical facilities, track and rolling stock should be developed in the process.

"The mainline will resolve a number of socioeconomic and state problems," the speaker noted, "and for this reason its financing should be provided from the state budget with the participation of a number of ministries and departments. Funds should be sought from the

public in the form of long-term loans and the sale of stock shares, and taking the transportation of foreign tourists into account, funds should be sought from foreign countries."

A. A. Golubev, the chief of a department in the State Committee for Science and Technology, also supported construction of a high-speed mainline from Leningrad to Moscow and the Crimea and the Caucasus. He noted that solution of the problem of high-speed mainlines under the conditions of increased transportation volume and traffic density is most expedient and efficient. The experience accumulated abroad demonstrates that realization of the project under discussion will make it possible to resolve the problem of increasing capacities, reliability, regularity, safety, and the ecological cleanliness of transport with rapid cost recovery.

Overall financing of the project will be provided by state budget allocations, as well as funds from ministries and customer organizations. The main organization—the VNIIZhT—was allocated 3.1 million rubles for 1989 from the state budget and 800,000 rubles from Ministry of Railways funds. Some 51 organizations from 11 ministries have been enlisted to draft the scientific plan for the mainline. A competition for the development of new technical facilities and work on the scientific plan for the Center-South mainline will be completed in October this year. For 1990, 15 million rubles will be required.

During the course of a detailed and thorough discussion of the project, various aspects of putting it into effect were reviewed. N. A. Sotnikov, the deputy director of the VNIIZhT, told the gathering that two concepts for building high-speed mainlines had been examined: a closed system such as the one in Japan, and use of part of the existing routes within the limits of cities with all the rest of the construction in accordance with the European version. Preference was expressed for the second model, which makes construction less expensive, but operation somewhat more expensive.

It was also suggested that a new high-speed line not be built, but that the speed of trains on the existing Moscow-Leningrad mainline be increased to 300-350 kilometers per hour and that freight and some passenger service be shifted to parallel routes.

V. M. Savvov, the chief engineer of the October Railroad, sharply criticized this halfway solution. Experience has shown that allowing even one pair of a high-speed train on the existing line takes 10 to 17 freight train pairs off the schedule, and results in some delay for other trains as well. Increased passenger flow in this direction makes it necessary to increase the number of high-speed trains up to 10-12 pairs per day, which will result in more than 100 freight train pairs being taken off the schedule; this will lead to serious economic losses and may even disrupt the balance necessary in freight transportation.

In order to prevent such losses, parallel tracks will have to be rebuilt, which is estimated at 1.2 to 1.5 billion rubles. However, taking into account an increase of up to

33 percent in the freight flow by the year 2000, the completion of expensive operations to renovate the parallel tracks will not completely resolve the critical problem of providing transport service.

The technical demands made of railroads operating trains at speeds from 300 to 350 kilometers per hour make it necessary to practically completely redesign the mainline in operation in the layout and profile of the route as well as in fundamentally new solutions for the STsB [signalization, centralization, and block system], the power supply, and components of the catenary system and other structures. The cost of these operations, even according to an averaged assessment, becomes comparable with the cost of building a new specialized high-speed mainline.

Taking into account the extreme inefficiency of continuously renovating the existing line from Moscow to Leningrad and taking advantage of other countries' experience, we have to consider construction of a new high-speed Center-South mainline, with the Leningrad-Moscow section first, to be the solution that is the most acceptable and logically and economically sound.

S. S. Zhabrov, candidate of technical sciences and head of the VNIIZhT laboratory, fully supported the opinion of the railroad's chief engineer. He noted that the possibility of increasing the speeds of passenger trains in accordance with the "Uskoreniye" [Acceleration] program on the lines being used is limited substantially by capacity and it is impossible to ensure train safety at higher speeds, since they require a track that is ideally level.

Freight train traffic leads to different kinds of disruption on a route. As a consequence, there is an increase in the number of speed limit warnings, and endless work to restore the track parameters, which require considerable funds, material and technical resources, and manpower. These funds are more than the cost of maintaining a high-speed route. An increase in the speeds of passenger trains is not being economically stimulated under current conditions.

Planning of the new mainline from Leningrad to Moscow was assigned to the Lengiprotrans [Leningrad State Planning and Surveying Institute for Transport Construction] of the USSR Ministry of Transport Construction and planning of the route from Moscow to the south was assigned to the Mosgioprotrans [Moscow State Planning and Surveying Institute for Transport Construction]. Lengiprotrans Director L. N. Danilshchik told the gathering that four alternatives for passenger service on the Moscow-Leningrad line were examined at the very beginning of the work: development of the existing mainline, construction of a new high-speed railroad, construction of a new line making use of magnetic suspension, and the use of motor vehicle transport.

Comparison of the alternatives with respect to capital expenditures, operating costs, ecological requirements, reliability, the ability to complete construction in the

periods set, the times en route and conveniences for passengers demonstrated the advisability of building a new high-speed railroad mainline. A route was selected for the new line which adjoins the existing mainline at the stations of Obukhovo and Kryukovo. The total length of the line is 645 kilometers, including 568 kilometers on the new route.

It is planned to complete the technical and economic substantiation in 1990, to draft the plan and issue working documents at the same time in 1991 and 1992, and to build the mainline from 1993 to the year 2000. By the year 2005 it is planned bring traffic up to 24 to 26 train pairs daily, and after continuation of the mainline to the south, up to 44 to 46 train pairs. The en route time from Leningrad to Moscow will be 2.5 hours. Trains will depart every 15 minutes from 0600 to 0900 and from 1800 to 2100 hours and every 2 hours during the day.

Locomotive manufacturing was not left out of the problem under discussion, either. L. A. Sorin, deputy director of the All-Union Scientific Research Institute of Electric Locomotive Manufacturing of the Ministry of the Electrical Equipment Industry, stated that the institute had begun developing an electric locomotive for electric rolling stock designed for a speed of 300 to 350 kilometers per hour only 6 months ago. The problems are very complex: development of the support and body suspension [oporno-kuzovnoye podveshivaniye] for traction engines, provision for a mass of 18 to 19 tons per axle, and selection of the type of crew.

According to preliminary estimates, only the immediate expenses of the NPO NEVZ [Novocherkassk Electric Locomotive Plant Scientific Production Association] for the development, manufacture and testing of two experimental electric locomotives will cost 540 million rubles. This sum does not include development of an experimental proving ground and expenditures by subcontractors and auxiliary facilities. In order to speed up the work it would be useful to combine efforts with foreign specialists. But buying rolling stock abroad would be totally incorrect, inasmuch as we already have experienced the complications related to the use of Western equipment in our climate. Our industry is capable of developing a domestic high-speed electric locomotive with the required specifications by the year 2000 with the rates of financing needed.

Foreign guests addressing the conference included M (Matier), director of the French department of major railroad projects; Herr (Muslanger), member of the board of directors of the FRG railroad federation; Comrade (Vyslouzhl), director of the Czechoslovak scientific research institute of railroads; and Herr (Henn), lead specialist on high-speed rolling stock of the FRG state railroads.

In the intermission between sessions, the guest from France, M (Matier), said that the high-speed mainlines in his country have a profitability level of 15 to 30 percent. The costs of the lines are recovered in roughly 5 to 7 years of operation. Construction of new lines is being

financed with the profit from the mainlines already in operation, and up to 30 percent of the funds are allocated by the state. Owners of the plots of land in those regions through which the railroad passes take part in the financing. He added in conclusion that, in his opinion, our country is fully capable of carrying out this project.

V. V. Pavlov, a representative of the USSR Gosplan, also took part in the conference. He stated in a brief interview:

"As a railroad man, I like this idea. However, there are still many questions here, and it is hard to speak about some specific solution at present. The project has not been studied sufficiently in its scientific, technical, and economic aspects. The traffic volume has not been accurately determined, and there are no clear-cut constructive proposals on construction matters. By the fourth quarter, when the scientific plan will again be presented for expert appraisal, these shortcomings should be corrected."

So the conference became one more step ahead on the path of developing high-speed traffic in our country. At the same time, quite a few problems remain. Are we ready to bring this idea to realization in a sufficiently short period of time? Whose funds will be used for the construction? Who will perform the construction? What proportion of the expenses should be assumed by the state, by the regions, and by the public?

Specific answers must be given to all these and many other questions in the scientific plan that is being drafted. And we will learn what the final decision is on the fate of the plan for the Leningrad-Moscow-Crimea-Caucasus high-speed rail mainline at the end of the year, when the project will be submitted to the government for approval.

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#### New Rail Educational Entity Founded

904H0062A Moscow GUDOK in Russian 14 Nov 89 p 2

[Article by I. Fursova: "Instilling Dignity"]

[Text] Moscow—19 October 1989 was the birthday of the Technical Lyceum attached to the Moscow Rail Transport Engineer Institute. Its director asked the holiday guests: "What is the Lyceum?" He himself replied: "It is not a boarding school, it is not a school, it is not a university, but all of this taken together. The Lyceum is also a collective of like-minded persons."

Thursday. Evening. There is a light drizzle. They say that to be born in the rain means a long and happy life. They are celebrating a birthday in the MIIT [Moscow Rail Transport Engineer Institute] House of Culture. A sea of flowers. A hall filled with guests. Congratulatory speeches, dancing, gifts, a small concert, and even a certificate about its appearance on earth. Everything is being done properly.



Saturday noon. Dirty with cement dust, the instructors and students drag school desks from floor to floor. Pails clank. It smells of paint. The collective of like-minded persons is helping the builders to repair the Technical Lyceum building. Nevertheless, classes have been going on at full speed since the first of September. They decided to celebrate the birthday in October based on an analogy with the Tsarskoselskiy Lyceum which is the prototype for our "new-born child."

The VUZ-Technical Lyceum training complex was established based on the MIIT and Secondary School No 243 in the capital's Kirovskiy Rayon and consists of students in grades 8-11. This complex is a new model for uninterrupted education within the VUZ-school system. The Lyceum provides for the completion of one's secondary education and gives students a better knowledge of technical subjects—mathematics, physics, informational sciences, computer equipment, and, in addition, special types of training.

Sergey Aleksandrovich Pomerantsev, the director of the Technical Lyceum and a former MIIT graduate, says: "The idea of establishing a lyceum-VUZ complex was born long ago. It did not appear immediately in a ready-made form but developed gradually—and over more than one year. First, the idea of combining school graduation exams and MIIT entrance exams came into my and my colleagues'—the teachers V. Yalynich, V. Ozyava and B. Moiseyev—heads. N. Sorokina and Ye. Avrutina, workers in the Kirovskiy Rayon public education department, supported the concept. An experiment was conducted but it turned out that the school program did not correspond to the initial VUZ one. The gap between them was too great. The teaching system had to be changed."

Thus, the like-minded persons began to think about establishing a lyceum. Its status gives the right to its own invention. The city public education administration suggested making it a special school attached to the MIIT. However, a lyceum is quite different from the normal technical special school. First of all, there is its purpose—training conscientious people and citizens in the complete meaning of that word and not simply students who know this or that subject "excellently." Professor Kunitsyn, the idol of lyceum pupils during Pushkin's time, defined his task as follows: "Education without cajolery and without servility. In a word, instilling dignity." The instructors took his words as their motto.

In the training program, a great deal of attention has been paid to studying the state and law, history, literature, and the Russian language. However, technical subjects nevertheless predominate. Former MIIT, MGU [Moscow State University] and MVTU [Moscow Higher Technical School imeni N. E. Bauman] graduates basically conduct them, that is, "technicians" and not pure pedagogues. Of the 52 lyceum teachers, 29 are instructors in the various departments of MIIT. This is a great plus not only for the pupils, who will enter a transport VUZ, but also for the teachers. During the two months of

work in the lyceum, they come to understand how it is not enough for them to meet with children—simple school boys. You see, an adult individual arrives in an institute—an individual with whom it is at times difficult for an instructor to find a common language since he does not know the student's interests, habits and inclinations. Now, there is an opportunity to observe an individual from 14-15 years of age, to see his merits and shortcomings and to get accustomed to him.

The special training includes two-three months of lectures on subjects that will help the lads to select not only a VUZ but also a department. For example, the special course "The Architecture of Moscow and the Moscow Environs" will be given to those who are going to the Industrial and Civil Construction Department, and trips to study outstanding architectural monuments are organized for the lads.

Classes on information sciences and computer equipment are also related to special training. Patrons—the Moscow VTI [All-Union Heat Technology Institute imeni F. E. Dzerzhinskiy] Production Association which is attached to the USSR GK VTI [Main Command of the All-Union Heat Technology Institute]—have equipped a video-computer class especially for this purpose. The lads must learn the language of programming and master many types of computers.

Today's model for a MIIT lyceum is not the final version. Here, there is a technical council that consists of VUZ and school instructors. It is no accident that pupils also are on this council—and not simply deputies from the classes but intelligent, independent and innovatively thinking people. The council will have to analyze everything that takes place, compile plans for the future and observe its graduates during their education in the MIIT.

At the present time, only Muscovites are among the students. This year, however, they plan to repair a building, which has been allocated for a dormitory, and it will be possible to accept lads from the entire railroad network into the lyceum next year. Here is another idea—to put the graduating 11th class on complete state support. As a consequence, the entire lyceum should become a boarding school in all likelihood. Let the lads live together and get to know each other better; let a "lyceum brotherhood" arise.

S. Pomerantsev adds: "The LIIZhT [Leningrad Rail Transport Engineer Institute] is also interested in the idea of establishing a Technical Lyceum. Our council will travel there in November. The Leningraders have a wonderful opportunity to open a lyceum in Pushkin, the former Tsarskoye Selo. In our view, similar institutions, established at each transport institute, would permit highly qualified specialists to be trained. Without them, all the problems in rail transport cannot be solved. This form of training will help to avoid the entrance of casual people into transport VUZ."

All of the students had received gifts from the ministry by the lyceum's birthday—a free uniform and the right to a one-time free trip on the railroad. Ministry of

Railways stipends were instituted for the best students. The lads were made to feel an inseparable link with the MIIT and transport.

### Loaded Coal Cars Held at Vorkuta

904H0062B Moscow GUDOK in Russian 15 Nov 89 p 1

[Article by Yu. Vakhnin: "Self-control Is Not a Demonstration of Weakness"]

[Text] Vorkuta, 14 November—This is the third day that the railroad workers cannot dispatch 72 cars loaded with coal because the transportation documents have not been compiled for them. This is not due at all to the sluggishness of the shippers or the transport workers. It is one form of the strike. The strike committees have halted 28 cars of fuel from the Severnaya Mine, 42 from the Vorkutinskaya Mine and 2 from the Khalmer-yu Mine by "arresting" all the loading documents. The consists thus remain idle in the northern park of the Vorkuta station.

I cannot explain carefully the inner mechanism of what is occurring since it is still early to judge definitively about it. However, one thing is clear: a struggle is taking place. Between whom? I will cite another example and let the reader judge for himself. In the Komsomolskaya Mine, a roll-call vote was taken at the end of last week on the initiative of the administration and trade union committee. Out of the almost 2,000 people that participated in it, only 620 voted against the dispatch of the mined coal—all the others were in favor. Let us recall that the Komsomolskaya has been forced to continue work due to technological reasons. However, the minority, not resigning itself to its defeat in the voting, called upon the strike committees of neighboring mines for help and won.

The Komsomolskaya has not sent a single loaded car from its sidings. That is why the Vorkutaugol Association writes the same figures from day to day in its daily requisitions for empties: 48 railcars for the station of Mulda (this is the daily output and shipment volume of the Zapolyarnaya Mine, which is the only one not participating in the strike) and zero cars for the station of Vorkuta. I would recall that the shipment volumes of fuel from both stations was set at 727 cars a day during November.

On Monday, two telegrams from M. Shchadov, the minister of the coal industry, arrived in Vorkuta; they were duplicated and sent to the mines. The first one notified them about the government's revocation of the departmental miner's regulation on discipline. The other one, which incidentally concerned everyone who works in the north—including railroad workers, contained information about the new procedure for keeping one's benefits when moving from one place of work to another based on one's own desires.

Perhaps, one can say that these documents appeared as a result of the present autumn strike by the Vorkuta miners. Yes, their appearance was provided for by the

well-known 608th decree; however, one document did not appear within the established time and the other, although it came out, contained so many stipulations that it lost any meaning, generally speaking.

Thus, does it turn out that the strike was required?

Vyacheslav Aleksandrovich Sokolov, a member of the Vorkuta city strike committee and an engineer in the Mulda depot, said: "The fact that the necessary attention was not paid for many years to Vorkuta's economic development and to the solving of the polar region's social problems has had an effect not only on the life of the miners but also on that of the railroad workers—perhaps even more on the railroad workers. Investing assets in expanding the capacities for mining coal and economizing on investments for expanding external rail transport has become a worthless rule. It is necessary to look for a way out from all these problems. The hub's workers are carefully following how the fulfillment of Decree No 608 dated 3 August is taking place."

Vyacheslav Aleksandrovich continues: "It is a long-suffering kray. One must clearly understand that the hub's collectives were completely prepared to join the strike by the miners this summer. In my opinion, it was not so much the explanatory work as the city strike committee's decision that transport should continue to work that restrained the railroad workers at the time. However, I would like to talk responsibly about the fact that tensions are being maintained today: If we feel that there is no attention being paid to us as before and that no one is planning to change anything in this life, an extreme form for expressing our protest may be selected. One should not evaluate our self-control as a manifestation of weakness."

"Let us return again on GUDOK's pages to the social problems of the hub and the Vorkuta Division in general. I would now like to recall those problems that have appeared today in addition to those already existing. We have not managed to count fully on our own funds—first, because the work did not go as we wished during the first six months of the year; a shortage of empties hindered the shipping of freight. Second, the government decision lowered the plan for the miners by the amount of coal that was not mined during the strike but the plans for loading and shipping fuel from Inta and Vorkuta were maintained for the railroad workers. This had a painful effect on the division's budget. All of the fixed capital was formed during the third quarter at the 60-70 percent level."

Alas, there was nothing with which to compensate the Vorkuta people because of the idleness of the mines and the absence of freight. It was a deadlocked and non-transit division.

The forecast for the immediate future also does not cause any optimism. According to the admission of A. Tsurutsa, the Vorkutaugol Association's economics director, the storage areas, where previously there was a stock of up to 300,000 tons of coal almost always, are empty.

This reserve now does not exist for any possible maneuvering. That is why the railroad workers are in a dual dependence—on the arrival of empties for loading, which has never been smooth, and on the availability of coal in the mines.

Vorkuta is more and more realizing that a strike is a double-edged weapon and its continuation does not serve the people's interest; as A. Prasolov, the Zapolyarnaya Mine director, expressed it more categorically: "The strike is disastrous for the worker movement in favor of restructuring. Never mind that someone does not want to admit this aloud. One can say as much as one wishes that the present strike was provoked by someone, one can exploit emotions for some time, one can leave assemblies and meetings as a demonstration, refusing to listen to those who are against the strike; however one cannot fail to note what is evident: the previous unity among the miners and among the entire city does not exist."

The economic losses, part of which I have reported, are either already irreplaceable or will lie like a heavy weight on the entire country and on all the people. It is difficult to say whether the strike in the Vorkuta mines will end by the end of this week. However, five of the 13 mines in the association are now operating: three for the needs of the city and two for the country.

### Sverdlovsk Metro Delays Explained

904H0071A Moscow GUDOK in Russian 23 Nov 89 p 1

[Article by Ye. Vladynkin, a student in the Urals State University Journalism Department: "On the Average or Why the Start of the Subway Has Been Postponed in Sverdlovsk"]

[Text] Sverdlovsk—The caption under the photograph, which appeared in NEDEL'YA before the holiday, read: "Only days remain until 7 November to complete the tunnels and stations of the first Urals subway system. It will be put into operation on the October holiday." Alas, the newspaper was hasty. The festive launching of the Sverdlovsk subway was postponed several days before the officially designated date. For a month? For two? No! Until...the third quarter of next year.

Nevertheless, one can fully understand our colleagues' mistake. You see, the majority of the Sverdlovsk people did not surmise until the last moment that the plan for the early handing over of the underground had collapsed. It turned out that M. Semenov, the chief of the Sverdlovskmetrostroy administration until quite recently, had promised from the oblast newspaper's pages to "mobilize all forces and resources and to hand over with good quality all of the Sverdlovsk subway installations for operation by the 72nd anniversary of Great October." Colorful diagrams of the underground mainlines had already appeared in the Soyuzpechat kiosks....

True, a curious townsman, who decided to look through the fences decorated with "mobilizing" slogans a month before the planned start-up, would have, for

example, noted that the construction of the station vestibules had just begun. He would have been just as surprised if he had gone underground. By that time, you see, only three of the six stations had acquired a more or less completed appearance—walls finished with marble, escalators, decorative lights.... The builders had clearly not yet begun the finishing work at the others!

However, this evidently did not disturb either the city fathers or the Sverdlovskmetrostroy directors. They were attuned to "rushing" until the last. The idea of opening only four stations for passengers and completing the work at the other ones later, originated in someone's hot head. The workers put an end to the risky schemes.

The tunnelers of tunnel detachment No 34 conducted a precautionary strike at the beginning of October. Their main demand on the administration and the city was the rejection of the subway's commissioning ahead of time. Let us point out, however, that even if there had been no strike, the start-up of the "underground" would have been put off all the same. Judge for yourselves! An extremely sizable amount of work still remained for the builders to complete during the two weeks before the proposed celebration—the driving of several dozen linear meters of tunnels, the laying of tracks on six kilometers of the right-of-way, waterproofing work—half of the required amount, and the installation of 17,000 square meters of facing stone. At several stations, the installation of electrical equipment and escalators, the construction of vestibules, service premises, exits....

The official decision only established an inevitable fact: Sverdlovsk was the first city in the country where it was necessary to give up the early commissioning of a subway.

... Ask a Sverdlovsk person, who travels in the morning from the outskirts to work in the city center, whether his city needs a subway. The answer will be a simple one: Definitely—because Sverdlovsk's streets long ago became too crowded for the growing transport traffic. It is not surprising that the subway's construction, which was begun several years ago, became an object of intense attention by the citizens of the city.

It was decided to build the "underground's" first phase from the south to the north of the city. They chose the section, which had to connect the thickly settled Uralmash rayon with the center, as the priority one on it. The state plan provided for its completion in 1990. However, the city authorities came out with an alternate proposal to hand the line over a year earlier. The Ministry of Railways and the Ministry of Transport Construction acceded to this idea on condition that Sverdlovsk provide every possible support in material and people to the construction project.

We will not reject outright an idea that has appeared. Most likely, a fundamental opportunity to manage this this year existed. However, was the decision of the local authorities to shoulder such a responsibility sufficiently sound? Was the construction material industry in the oblast so strong? Did extra working hands exist in



enterprises? It seems as if this did not particularly disturb anyone at the time: It was necessary and that was that.

How should this plan have been implemented? Throughout construction, the city fulfills the subway builders' orders without delays, supplying them with metalwork, concrete, and facing stone without interruption. During the pre-start-up year, 1,500 skilled builders joined the ranks of the Sverdlovskmetrostroy brigades and helped them to install internal structures and perform finishing work.

It turned out as follows. The first difficulties arose with the tubing which was used to strength the tunnel walls. The largest enterprises in the oblast accepted orders for its casting and machining. Problems, which were connected with the absence of experience and the conditions for producing the new product, immediately arose. The poor quality of the items and the high production costs came from this. Industry was able to reach the required delivery level only at the beginning of this year. Until the last moment, the construction project was feverish over the delivery of prefabricated reinforced concrete designs. The hopes on the Sreduralstroy association's plants were not justified: They had their own orders and their own problems.

The supplying of the construction project with finishing materials—granite, marble, serpentine—occurred with the greatest creaking. You see, what a beautiful idea had arisen: Use only Ural stone for the design of the Sverdlovsk subway stations. The realization of this plan depended on the Uralmramor Production Association. And what happened? The oblast is now delivering only a small portion of the required facing stone to the subway builders, and the richness of the underground palette is being achieved thanks to marble imported... practically from the entire country: from Karelia, Azerbaijan, Kazakhstan, and the Ukraine. All because great tasks were placed on Uralmramor. What were the association's capabilities? What was its material base? No one thought about this....

Finally, there is the main thing—the promised help of the people. When the decision was made to commission the subway ahead of time, the city soviet assembled the party and economic aktiv and representatives of Sverdlovsk's labor collectives more than once. At the time, everyone seemingly unanimously promised to support this construction project. However, times change. The shift of the enterprises to cost accounting forced the directors to consider each kopek and take each individual into account. You see, the subway required specialists: welders, concrete workers and plasterers.

Put briefly, despite all the requests and demands of the city authorities, no one seriously helped Sverdlovskmetrostroy. The enterprises should have sent 420 specialists and 890 auxiliary workers to the construction project every day but only 250-300 individuals went all told—and most of the people were casual and unqualified ones.

Close to the commissioning, the relations of the city authorities with the enterprise directors finally became strained. The directors began to openly reject the necessity of "bringing all their weight to bear on the priority project."

How did this epic end? We already know.

Life imperiously intruded on the plans of the Sverdlovsk schemers. The development of the economic situation destroyed their plans and taught another lesson to the supporters of command administrative methods. The lesson was a serious one but a necessary one.

### **Intercontinental Rail Link With U.S. Suggested**

*904H0071B Moscow GUDOK in Russian 23 Nov 89 p 4*

[Article by A. Cherkasov, a lines of communications engineer and labor veteran: "An Intercontinental Mainline"]

[Text] Yakutsk—The Amur-Yakutsk Mainline (AYaM) can serve a higher purpose than simply being a railroad to Yakutsk and Magadan, even if this is a very important one. An exciting future will open up for it if construction is continued to Chukotka. This will fulfill an ancient dream of many people to build an intercontinental railroad (with a bridge or a tunnel) across the Bering Strait to Alaska. The building of tunnels connecting the Japanese islands and the one being built between England and France confirm the basic capability to build one under the Bering Strait also.

The USSR, the United States and the countries of Europe, Asia, the American continent, and even Africa are interested in building a Siberian-Alaskan railroad. This mainline would make possible the rapid and cheap year-round shipment of freight between the states, which are located on the different continents, and would make an invaluable contribution to the development of the rayons in Eastern Siberia and the Far East. All of this can become a reality during our time—the era of new thinking and cooperation.

The idea has its own long-standing history. In 1904, the French businessman, Loyk de Lobel, proposed to the tsarist government that his syndicate be granted a concession to build a Siberian-Alaskan railroad joining the Transiberian at Kansk. According to the preliminary lay-outs, the mainline would pass north of Baykal (extremely close to the route of the present BAM [Baykal-Amur Mainline]) and go to Nikolayevsk-na-Amure with a branch to the Chukotskiy Peninsula and, subsequently, across the Bering Strait to Alaska. Its length was set at 5,700 kilometers and it was given the name "Paris-New York."

The technical capability for constructing it did not evoke any doubts since Russia had just coped with the very difficult Transiberian from Chelyabinsk to Vladivostok—a distance of 7,500 kilometers. And yes, enormous experience in such construction had also been accumulated abroad. True, world practices had practically no experience in building a railroad on permafrost.

It was proposed that the mainline be built using foreign capital; however, in return—according to the conditions of the concession—it was necessary to transfer a 16-mile (25.7-kilometer)-wide exclusion strip to the syndicate and the right to operate the railroad for 90 years.

The surveying of the railroad from Sretensk to Khabarovsk, which was begun in 1894, was delayed because of the severe climate and inhabited spaces of the Transbaikalian and Amur areas (at the time, such a factor as aviation, which could have helped in this, did not exist). Subsequently, they completely stopped the surveying. Russia's rulers relied on the KVZhD [Chinese-Eastern Railroad] that had been built in Manchuria.

Having received information on the failure of the surveying for the Amur railroad, an American commission proposed its own version: a Kansk-Kirensk-Khabarovsk railroad with a branch to Chita, Blagoveshchensk and Nikolayevsk-na-Amure and—what was the main factor—a route from Nagornyy (on the present-day Amuro-Yakutsk route and AYAM) to Verkhnekolymsk-Chukotka with a branch to Okhotsk. The total length was estimated to be 10,700 kilometers.

Under these conditions, a strip of territory totaling 275,000 square kilometers would have been transferred to the concession's ownership. This exceeded the area of today's FRG or England. A decision of an interdepartmental conference in Irkutsk in 1905 rejected all of the concession's proposals, evidently because of the danger of Eastern Siberia's colonization by foreign capital.

The enterprising Americans, however, continued to persist. Supporters of the construction of an intercontinental railroad, motivated by the need to develop Eastern Siberia and improve transport communications with North America, appeared in the country. They appeared in the Council of Ministers, including in the person of its chairman—Count Witte. The proposal was finally accepted.

The exhaustion of the state treasury, which had just coped with the construction of the Transiberian (the building of the Amur Railroad was completed in 1916), and the expenses of the unsuccessful war against Japan influenced the affirmative solution of the matter. However, the construction of the railroad to Alaska was not begun because of bureaucratic delays.

Let us now evaluate the possibility of building a Siberian-Alaskan railroad mainline from the viewpoint of today.

The laying of the AYAM track has now reached Chulman which is located 150 kilometers north of Nagornyy. The American concession's proposals had proposed this as the junction site of the intercontinental railroad. However, there is sense in us completing the work not only on the section from Chulman to Tommot on the Aldan—this is already being done and will provide an opportunity to transship part of the freight to vessels—but also to carry it even further to Yakutsk. This will remove many serious transport problems, freeing hundreds of road trains that

transport cargo on the route from Berkakit to Bolshoy Never.

The Siberian-Alaskan route, which the American concession's proposals suggested, would traverse the Yakutskaya ASSR and Magadan Oblast and would join our line on the Lena's right bank opposite Yakutsk. From there, it would go to the northeast to Verkhnekolymsk (the American proposals mentioned it as the railroad's passage point) and, subsequently, to Chukotka. A different route for the mainline is also possible. Its total length from Yakutsk to the Bering Strait is comparable to the length of BAM.

Without prejudging the exact route of the railroad—this is a matter for the surveyors—we must mention the almost complete absence of life in the strip and the lack of permanent highways except for the winter one and the Bolshoy Never-Yakutsk route. Of the populated points in the strip, one can find small Yakut villages and the settlement of Zyryanka, the Verkhnekolymskiy Rayon center.

I would recall that the territory of Yakutia and Magadan Oblast exceeds 4.3 million square kilometers with a population of hardly more than 1.5 million people. The area of the strip (with the previous width condition of 25 kilometers) is less than 100,000 square kilometers.

Have the natural riches been preserved on this territory? If one is talking about the forests—hardly. And not because they went to people's consumption but because the loss of forests from frequent taiga fires in inhabited places is great. Nevertheless, there is little good timber in central and northern Yakutia—it basically grows along the banks of the rivers.

Except for the small enterprises of the Zyryanovskiy coal basin, there is no industry within the future route. The railroad's passage close to it will provide an exit for this coal for consumption inside the country and abroad. The probability exists that small gold-mining enterprises on Chukotka will fall within the exclusion zone. However, the operation of already existing enterprises, which fall within the exclusion zone, can be specified in an agreement. As is evident, the probable amount of mineral riches, which are being handed over to the concession, is not great using the previous width for the exclusion zone.

In return, a new railroad mainline, which pierces through sparsely settled Yakutia and Magadan Oblast, will be born if the plan is implemented. Freight turnover between the inhabited parts of the country and the rich and varied resources of the northeast will become cheaper and simpler. Oil, ore, apatite, and coal will find a path to the country's interior and abroad.

A new economic zone will arise along the mainline and new enterprises, cities and settlements will appear as was observed at the beginning of the century in the Transiberian's area. Our rail transport will receive income from transporting international freight for Europe, Asia, America, and Africa. Import and export shipments between the rayons of the country's Asiatic section and the United States and Canada will become cheaper.

In my view, there is a straightforward reason for supporting the sound proposals and for interesting American business, financial and governmental circles in the

construction of the Siberian-Alaskan transcontinental railroad mainline with a tunnel or bridge passage across the Bering Strait.



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